BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AK/RK/2025-26/32074]

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;

Parish Kirit Bhai Patel

(PAN: ADGPP8516M)

In the matter of Trading in Illiquid Stock Options at BSE

BACKGROUND OF THE CASE

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

2. Pursuant to investigation, it was observed that total of 2,91,744 trades comprising 81.40% of all the trades executed in stock options segment of BSE during the IP were allegedly non genuine trades. The aforesaid alleged non-genuine trades resulted into creation of artificial volume in stock options segment of BSE during the IP. It was observed that Mr. Parish Kirit Bhai Patel (PAN – ADGPP8516M) (hereinafter referred to as the "**Noticee**") was one of the various entities, which indulged in execution of reversal trades in stock options segment of BSE during the IP. Such trades were alleged to be non-genuine in nature and created false or misleading appearance of trading in terms of artificial volumes in stock options and therefore were alleged to be manipulative, deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for alleged violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed Smt. Anitha Anoop as Adjudicating Officer (AO) in the matter, u/s 19 r/w Section 15-I(1) of the SEBI Act, 1992 (hereinafter referred to as **"SEBI Act"**) and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **"SEBI Adjudication Rules"**) to conduct adjudication proceedings in the manner specified under Rule 4 of SEBI Adjudication Rules r/w Section 15-I(1) and (2) of SEBI Act, and if liable, impose such penalty as deemed fit in terms of Rule 5 of SEBI Adjudication Rules r/w Section 15HA of SEBI Act. Pursuant to transfer of case, undersigned was appointed as Adjudicating Officer in the matter, vide Order dated April 03, 2025.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice dated August 25, 2022 (hereinafter referred to as "**SCN**") was issued to the Noticee by the AO u/r 4(1) of the SEBI Adjudication Rules to show-cause as to why an inquiry should not be initiated against it and why penalty, if any, should not be imposed u/s 15HA of the SEBI Act for the violations alleged to have been committed by the Noticee.

5. It was inter alia alleged in the SCN that the Noticee had executed 20 non-genuine trades in 7 Stock Options contracts which resulted in artificial volume of total 13,64,000 units.

6. The SCN with reference number SEBI/EAD5/AA/45869 dated August 25, 2022 was issued to the Noticee by the erstwhile AO and was served on the Noticee via SPAD. The proof of service is on record.

7. Pursuant to the above, vide public notice dated November 21, 2022, it was advertised/ informed that *"Considering the interest of entities in availing the Scheme, the competent authority has extended the period of the Scheme till January 21, 2023"*.

8. Subsequently, a Post Show Cause Intimation (PSI) dated March 06, 2024 was issued to the Noticee and was duly delivered through SPAD. The said PSI inter-alia intimated the following to the Noticee:

"PART - B

2. Pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal, SEBI had framed the SEBI Settlement Scheme, 2022 which was open from

August 22, 2022 to January 21, 2023. Pursuant to the closure of the SEBI Settlement Scheme, 2022, adjudication proceedings continued against the remaining entities. During the adjudication proceedings, significant number of the remaining entities, at the time of personal hearing, expressed their interest in availing of settlement. Accordingly, SEBI has decided to introduce another Settlement Scheme ("ISO Settlement Scheme, 2024") in terms of Section 15JB of the SEBI Act, 1992 read with Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

Sr No.	Number of Contracts	Settlement Amount (Rs.)
1	1-5	1,20,000/-
2	6-50	2,40,000/-
3	51 and above	6,00,000/- base amount + 12,000 per contract

3. The period of the ISO Settlement Scheme, 2024 will commence on March 11, 2024 and will close on May 10, 2024, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.

4. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to isoscheme2024@sebi.gov.in .

5. In case you do not wish to avail of the facility under the ISO Settlement Scheme, 2024, the adjudication proceedings initiated vide SCN shall stand automatically revived and the proceedings shall continue, from the stage at which the said proceedings were kept pending. In such case, you are advised to file your reply within 14 days of receipt of this Intimation, if not filed earlier."

9. Pursuant to the above, vide public notice dated May 8, 2024, it was advertised/ informed as *"Considering the interest of entities in availing the Scheme, the competent authority has extended the period of the Scheme till June 10, 2024."*

10. It is observed that despite being granted the opportunity for Settlement twice, Noticee did not avail the settlement scheme and accordingly, the adjudication proceeding against the Noticee was resumed, and in the interest of natural justice, opportunities of hearing in the matter were granted to the Noticee on June 20, 2023, January 15, 2026, vide hearing notices dated May 19, 2023 and December 15, 2025 respectively. The said Notices were duly delivered to the Noticee through SPAD and emails. Vide the said hearing Notices, Noticee was also provided with an opportunity to submit its reply to the SCN. In response, vide letters December 19, 2024 and February 08, 2025, submitted through emails December 17, 2025, and December 25, 2025, Noticee replied as mentioned below:

10.1 Noticee was out of country for almost 6 months, the Noticee would like to avail the settlement mechanism as offered in the SCN and will submit the settlement application in due course of time.

10.2 At outset I say that, the trades were executed on BSE Option Segment, just with a view to try the seven-day Option Trading System, which was for the first time introduce in the country contrary to 30 / 60 / 90 days Option Trading System prevailing at NSE.

10.3 The Option Trading System is mainly and substantially requiring time price value corresponding to trend analysis. The trend analysis can be gathered, generally, from the technical indicators based on chart analysis. I had undertaken the help of such chart analysis and based on that, I, telephonically executed trades through my broker(s).

10.4 To the Best of my understanding, the telephonically order place transaction were imputed in the system through the dealer of the broker, which were matched as per the trade matching rules of the BSE.

10.5 It can be seen that out of total 547 days of Investigation Period only on 5 days i.e. 1 day in the month of June 2015 and 4 days in the month of July 2015, the Noticee has been alleged to have indulge into non-genuine trades. In view of the trading pattern of the Noticee, just for the 5 days out of 547 days of Investigation Period, it is not gain saying to consider the alleged trades as creating artificial volume in the BSE Option Segment. To establish non-genuine trades the collusion between the parties are necessary requisition and in absence of such findings against the Noticee, the question of creation of artificial volume on account of non-genuine trades does not arise at all and therefore the Show Cause Notice deserves to be dropped forthwith.

10.6 The Noticee would like to draw the attention of your goodself to the order of Hon'ble SAT dated 16-01-2020 in the matter of trading in the shares of Shri Shaleen Textiles Limited in the appeal no. 97 of 2019 / 554 of 2019 and requests to appreciate and to respect the ratio laid down by Hon'ble SAT in those appeals and thereby to drop the present proceedings against the Noticee in the interest of justice and equity.

10.7 It appears that SEBI has examined trading in the Options of individual stock listed on BSE and therefore a question arises as to whether the factual matrix of the Noticee can be said to have been considered and justified in isolation of such general observation.

10.8 It is further submitted that the facts of Noticee requires courage to go against precedents as it is not similar to the decided cases. The facts of the case are identical and much better to the AO Order in the matter of

Ms. Neha Sethi, being identical in the matter of dealings in Illiquid Stock Options of vide Order no. Order / PB / 2021-22 / 14749 Dated January 20, 2022. The Noticee craves leave to refer to and to respect and the said AO order by applying the same in the present matter and dispose of the SCN without imposing any penalty.

11. Vide email dated December 17, 2025, Noticee requested to reschedule the hearing and therefore, vide email dated December 29, 2025, hearing in the matter was rescheduled to January 02, 2026. The said hearing was attended to by the Authorized Representative (AR) of the Noticee, who reiterated the submission made by the Noticee, vide letters received through email dated December 17, 2025, and December 25, 2025.

CONSIDERATION OF ISSUES AND FINDINGS

12. The charges levelled against the Noticee and the documents / material available on record have been carefully perused. The issues that arise for consideration in the present case are:
    12.1 Whether the Noticee has violated provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations?
    12.2 Does the violation, if any, attract monetary penalty u/s 15HA of the SEBI Act, 1992?
    12.3 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?
13. Before proceeding further, the relevant provisions of the PFUTP Regulations are mentioned as below:

PFUTP* Regulations, *2003

3.* Prohibition *of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

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

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

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4.* Prohibition *of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

Issue (a) : Whether the Noticee has violated provisions of Regulations 3(a), (b), (c), (d) and Regulation 4(1) & 4(2)(a) of PFUTP Regulations?

14. Before proceeding to the merits of the case, it is noted that pursuant to a preliminary examination conducted in the Illiquid Stock Options matter, Interim order was passed by SEBI on August 20, 2015 which was confirmed vide Orders dated July 30, 2016 and August 22, 2016. Meanwhile, SEBI initiated a detailed investigation relating to stock options segment of BSE which was completed in the year 2018. The investigation revealed that 14,720 entities were involved in executing non-genuine trades in BSE's stock option segment during the investigation period. The proceedings initiated vide the aforementioned Interim Order were disposed of vide Final Order dated April 05, 2018 also considering that appropriate action was initiated against the said 14,720 entities in a phased manner.

15. It is further noted that there are no timelines prescribed in the SEBI Act, for the purpose of identifying trades as non-genuine. In this regard, it is pertinent to note that, in the matter of **SEBI Vs Bhavesh Pabari** (2019) SCC Online SC 294, the Hon'ble Supreme Court of India has, inter alia, held that:

"There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."

16. It is relevant at this juncture to deal with the transactions executed by the Noticee in the alleged non-genuine trades.

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

18. Further, I note from the trade log of the Noticee that it had allegedly executed 20 non-genuine trades in 7 contracts and the above mentioned trades of the Noticee had resulted in the creation of artificial volume of 13,64,000 units in the said contracts. Summary of non-genuine trades of the Noticee is as follows:

Contract Name	Avg. Buy Rate (Rs)	Total Buy Volume (No. of units)	Avg. Sell Rate (Rs)	Total Sell Volume (No. of units)	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non-Genuine trades of Noticee in the contract to Total trades in the Contract	% 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
ALBK15JUL100.00PEW2	12.35	40000	6.2	40000	100	100	100	100
CANB15JUL270.00CEW2	17.19	64000	9.5	64000	100	66.67	100	94.12
CARN15JUL160.00CEW1	23.6	108000	14.4	108000	100	100	100	100
DABU15JUN260.00PEW3	8.19	200000	4.7	200000	100	71.43	100	94.56
FEDB15JUL85.00PEW2	8.95	60000	4.9	60000	100	100	100	100
IDFC15JUL130.00CEW2	17.96	90000	12.35	90000	100	60	100	93.75
SMIL15JUL510.00CEW4	22.2	120000	11.55	120000	100	100	100	100

19. I note that the Noticee had allegedly executed non-genuine trades in said contracts, wherein the percentage of alleged non-genuine trades of the Noticee in stock options contract to total trades in the contracts ranged from 60% to 100% in the aforesaid contracts. Further, alleged artificial volume generated by Noticee in the contracts amounted to 100% volume of total volume generated by it in the contracts. It is also noted that alleged artificial volume generated by the Noticee contributed 93.75% to 100% of the total volume from the market in the said contracts.

20. The details of squaring up done by the Noticee in the contract 'SMIL15JUL510.00CEW4' is as given below:

Trade Date	Client Name	CP Client Name	Trade Time	Trade Rate (Rs.)	Traded Quantity	Buy/Sell by the Noticee
21/07/2015	CHELSEA BLOCKS AND PIPES PRIVATE LIMITED	PARISH KIRIT BHAI PATEL	13:11:28.298919	11.55	120000	Sell
21/07/2015	PARISH KIRIT BHAI PATEL	CHELSEA BLOCKS AND PIPES PRIVATE LIMITED	13:39:24.351607	22.2	120000	Buy

20.1 As can be seen from the table above, the trades executed by the Noticee in the contract were squared up within short time, with the same counterparty. Noticee on July 21, 2015 at 13:11:328 hrs (Order time of Noticee: 13:11:27.418637and Counterparty Order time: 13:11:28.298919) entered into a sell trade with counterparty viz. Chelsea Blocks And Pipes Private Limited for 120000 units at the rate of Rs 11.55 per unit in the contract 'SMIL15JUL510.00CEW4. Thereafter, on the same day, Noticee entered into a buy trade for total 120000 units with same counterparty viz. Chelsea Blocks And Pipes Private Limited at the rate of Rs 22.2 per unit.

20.2These trades were entered into with the same counterparty in the same contract. It is noted that while dealing in the said contract during the IP, the Noticee executed reversal trades with same counterparty viz. Chelsea Blocks And Pipes Private Limited on the same day, with significant price difference. Thus, the Noticee, through its dealing in the contract viz. 'SMIL15JUL510.00CEW4' during the I.P., executed non genuine trades which was 100% of the total trades from the market in the said contract during the I.P., and thereby, Noticee generated artificial volume of 240000 units which was 100% of the volume traded in the said contract from the market during the I.P.

20.3 In the same way squaring up was done by the Noticee in other contracts viz, ALBK15JUL100.00PEW2, CANB15JUL270.00CEW2, CARN15JUL160. 00CE W1, DABU15JUN260.00PEW3, FEDB15JUL85.00PEW2, IDFC15JUL130.00 CEW2.

21. With respect to the submission of the Noticee that it had traded with a view to try the seven-day option trading system, which was introduced for the first time and that the trades were executed through its broker, I note that introduction of the said system and subsequent execution of the trades by it did not authorize it to carry out the trades in the manner as detailed above, wherein trades carried out by it were matched with the same counterparty within a short span of time. This modus-operandi was followed by the Noticee not only in the contract illustrated above but also in all 6 other contracts. I also note that the execution of trades through a broker does not stamp authenticity to the non-genuine trades. Further, with respect to its submission that it had traded only on 5 days i.e. 1 day in the month of June 2015 and 4 days in the month of July 2015, basis which it has been alleged to have indulge into non-genuine trades, I note from the material available on record that Noticee had executed 5 reversal trades in the month of June 2015 and 15 reversal trades in the month of July 2015. Thus, total 20 reversal trades were executed by the Noticee during the IP. Therefore, I note that the Noticee by submitting as above, has tried to portray the number of trades as minimum in order to escape the allegations levelled against it. Thus, submission of the Noticee is bereft of merits.

22. Further, the non-genuineness of these transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within a short span of time, the Noticee reversed the position with its counterparty. The fact that the transactions in a particular contract were reversed with the same counterparty indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. Since these trades were done in illiquid option contracts, there was no trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation in prices of the said contract, within a short span of time, is a clear indication that there was pre-determination in the prices by

the counterparties while executing the trades. The fact that the buy and sell orders were placed by the Noticee and counterparty within a short span of time, strongly indicates meeting of minds. Thus, it is observed that Noticee had indulged in reversal trades with his counterparty in the stock options segment of BSE and the same were non-genuine trades.

23. As regards submission of the Noticee that the trades were imputed in the system through the dealer of the broker, which were matched as per the trade matching rules of the BSE, I note that it is not mere coincidence that the Noticee could match its trades with the same counterparty with whom it had undertaken first leg of the respective trades. The fact that the transactions in a particular contract were reversed with the same counterparty for the same quantity of units, indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. This is the outcome of meeting of minds elsewhere and it was a deliberate attempt to deal in such a manner. In this regard, it is noted that in matters dealing with violation of PFUTP Regulations, the reason as with respect to execution of non-genuine trades might not be immediately forthcoming. However, the correct test instead, is one of preponderance of probabilities and therefore at this juncture, it is pertinent to rely on the judgment of Hon'ble Supreme Court in ***SEBI v Kishore R Ajmera (AIR 2016 SC 1079)*** decided on February 23, 2016, wherein it was held that-

"...According to us, knowledge of who the 2nd party / client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naïve to rest the final conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming...in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive..."

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

25. The observations made in the aforesaid judgments of Hon'ble Supreme Court apply with full force to the facts and circumstances of the present case. Therefore, applying the ratio of the above judgments, it is conspicuous that the execution of trades by the Noticee in the illiquid options segment with such precision in terms of order placement, time, price, quantity etc. and also the fact that the transactions were reversed with the same counterparty clearly indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. The only reason for the wide variation in prices of the same contract, within short span of time was a clear indication that there was pre-determination in the prices by both the counterparty when executing the trades. Thus, the nature of trading, as brought out above, clearly indicates an element of prior meeting of minds and therefore, a collusion of the Noticee with his counterparty to carry out the trades at pre-determined prices

26. Further, following is noted from the judgement of the Hon'ble SAT in the matter of ***Ketan Parekh vs SEBI (supra):***

    In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread 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 law can never impose on the Board a burden *which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4 (a) of the Regulations.*

27. It would be instrumental to also place reliance on the judgment of Hon'ble Supreme Court in the matter of ***SEBI v Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018),*** in which the Hon'ble SC held that - *"Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities….."*

28. Further, the Hon'ble SAT in its judgement dated September 14, 2020 in the matter of **Global Earth Properties and Developers Pvt Ltd** relied upon the Hon'ble Supreme Court judgement in the matter of **SEBI v Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018**), and held that, "*It is not a mere coincidence that the Appellants could match the trades with the counter party with whom he had undertaken the first leg of respective trade. In our opinion, the trades were non-genuine trades and even though direct evidence is not available in the instant case but in the peculiar facts and circumstances of the present case there is an irresistible inference that can be drawn that there was meeting of minds between the Appellants and the counter parties, and collusion with a view to trade at a predetermined price.*"

29. As regards submission of the Noticee that in the instant case, same ratio be applied as was decided upon by the Hon'ble SAT in the matter of ***Shri Shaleen Textiles Limited*** in the appeal no. 97 of 2019 / 554 of 2019, I note that in the instant case Noticee has traded in the manner, which is not in conformity with the provisions of exant PFUTP Regulations. Further, the instant case is completely distinct and different from the case of Shri Shaleen Textiles Limited, as in the said case, M/s. Nishith M Shah (Nishith) on account of having contributed to Last Traded Price (LTP) as the seller, was debarred by SEBI from accessing the market for a period

of 2 years and a monetary penalty was also imposed upon Nishith in the adjudication proceedings initiated against it, whereas, in the case at hand, Noticee had executed non-genuine trades, had contributed to artificial volume to the tune of 13,64,000 units and had matched its trades with the same counterparty within a short span. Hence, submission of the Noticee is nothing but an afterthought to cover up the violation committed by it. Thus, I do not find any merits in submission of the Noticee.

30. Therefore, the trading behaviour of the Noticee confirms that such trades were not normal indicating that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in respective contracts. In view of the above, the violation of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, against the Noticee stands established.

Issue (b): Does the violation, if any, attract monetary penalty u/s 15HA of the SEBI Act, 1992?

31. Considering the findings that the Noticee has executed non-genuine trades resulting in the creation of artificial volume, thereby violating the provisions of Regulation 3(a), (b), (c) & (d) & Regulation 4(1) and 4(2)(a) of the PFUTP Regulations, it is a fit case for imposition of monetary penalty on Noticee u/s Section 15HA of SEBI Act which reads as under:

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty - five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Issue (c): If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in Section 15J of the SEBI Act, 1992?

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

***15J**. While adjudging quantum of penalty under [15-I or section 11 or section 11B, the Board or 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.

33. The material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on part of the said Noticee. However, the Noticee has entered into 20 non-genuine trades which demonstrates the violation of PFUTP Regulations.

ORDER

34. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act, and in exercise of power conferred u/s 15-I of the SEBI Act, r/w Rule 5 of the SEBI Adjudication Rules, following penalty u/s 15HA of the SEBI Act is imposed on the Noticee:

Name of the Noticee	Violated provisions	Penalty
Parish Kirit Bhai Patel PAN: ADGPP8516M	Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations	Rs 5,00,000/- (Rupees Five Lakhs only)

The said penalty is commensurate with the lapse/ omission on the part of the Noticee.

35. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either 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 > PAYNOW

36. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

37. In terms of the provisions of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to the Noticee viz. Arrowlink Chemical Private Limited and also to SEBI.

AMIT KAPOOR Digitally signed by AMIT KAPOOR Date: 2026.02.10 14:38:15 +05'30'

Date: February 10, 2026 **AMIT KAPOOR**

Place: Mumbai **ADJUDICATING OFFICER**