



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D.

GENERAL MANAGER & ADJUDICATING OFFICER

SEBI/HO/DEPA-III/DEPA-III_SSU/P/OW/2021/32317/1

November 12, 2021

Vineeta Kabra, [PAN: ABNPL7384C]
Plot No 415 413-214 Bangur Avenue
Kolkata – 700055,
West Bengal

Subject: Adjudication Proceedings in respect of Vineeta Kabra 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 Vineeta Kabra (hereinafter, referred to as “Noticee”), bearing PAN – ABNPL7384C, 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.



सेबी भवन, प्लॉट सं. सी 4-ए, “जी” ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, “G” Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS). 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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3. As part of ongoing surveillance, SEBI came across large scale reversal of trades in Stock Options segment of the BSE. Subsequently, SEBI conducted an investigation into the trading activity in illiquid Stock Options at BSE (hereinafter, referred to as "investigation") for the period between April 1, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period").
4. Pursuant to investigation, it was observed that during the investigation period, a total of 2,91,643 trades comprising 81.38% 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 2 such trades in 1 unique contract, which led to generation of alleged artificial volume of 1,60,000 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 Stock Options segment of BSE during the investigation period are given in **Annexure B**. An analysis of dealings of the Noticee in 1 Stock Options contracts in which the said Noticee allegedly executed reversal trades during the investigation period is given in **Annexure C**.
6. The trades entered by the Noticee were reversed on the same day with same counterparties at a substantial price difference without any basis for significant change in the contract price which indicates that these trades are artificial and are non- genuine in nature.
7. A summary of dealings of Noticee in 1 Stock Options contracts in which the said Noticee allegedly executed reversal trades during the investigation period, is as follows:





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Table 1: 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)	Total Number of Volume Generated	% 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	PFCL15APR280.00PEW4	8.8	2,20,000	2	2,20,000	4,40,000	100	50.00

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

8. The abovementioned reversal trades and volumes are illustrated through the dealings of Noticee in one contract viz., "PFCL15APR280.00PEW4" during the investigation period, as follows:
 - (a) During the investigation period, 2 trades for 4,40,000 units were executed by the Noticee in the said contract on 24/03/2015.
 - (b) While dealing in the said contract on 24/03/2015, at 11:48:56.392386 hrs the Noticee entered into a sell trade with counterparty Shri Radha Raman Alloys Limited for 2,20,000 units at Rs. 2.0 per unit. At 11:49:06.593043 hrs the Noticee entered into a buy trade with the same counterparty, for 2,20,000 units at Rs. 8.8 per unit.
 - (c) The Noticee's two trades while dealing in the above said contract during the investigation period allegedly generated artificial volume of 4,40,000 units, which made up 50.00% 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.





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12. Your reply, if any, should reach the undersigned through mail at the address given in the letterhead or through email at prabhasr@sebi.gov.in and tathagatab@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.




PRABHAS RATH
ADJUDICATING OFFICER

Enclosures: Documents relied upon are as follows:

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communiqué dated September 27, 2021 appointing Adjudicating Officer	2
B	Integrated trade log of all trades of Noticee in Stock Option segment of BSE during the investigation period i.e., April 1, 2014 to September 30, 2015	1
C	Summary of dealings of Noticee in 1 Stock Options contract in which Noticee allegedly executed reversal trades during the investigation period	1



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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.

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

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Annexure B

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TRADE_DATE	01/07/2015	01/07/2015
SCRIPCODE	865537	865537
clnt_pan	ABNPL7384C	EPLPS4642G
clnt_name	VINEETA KABRA	TUSHAR INTERNATIONAL
cp_pan	EPLPS4642G	ABNPL7384C
cp_name	TUSHAR INTERNATIONAL	VINEETA KABRA
ORDER_NO	1435744263578001001	1435744263578001003
CP_ORDER_NO	1435744263578001000	1435744263578001002
TRADEID		
ORDER_TIME	15:21:58.079102	15:22:01.532387
CP_ORDER_TIME	15:21:58.032211	15:22:01.485151
TRADE_TIME	15:21:58.079102	15:22:01.532387
ORDER_LMTIME	15:21:58.079102	15:22:01.532387
CP_ORDER_LMTIME	15:21:58.032211	15:22:01.485151
TRADE_RATE		
LTP_RATE		
LTP_PERCENT		
TRADE_VALUE	11840000.0	12040000.0
ORDER_RATE	3.0	5.5
CP_ORDER_RATE	3.0	5.5
ORDER_LMRATE	3.0	5.5
CP_ORDER_LMRATE	3.0	5.5
ORDER_LTP	3.0	5.5
CP_ORDER_LTP		
TRADED_QTY		
ORDER_QTY	80000	80000
CP_ORDER_QTY	80000	80000
ORDER_AVLQTY	80000	80000
CP_ORDER_AVLQTY	80000	80000
ORDER_LMQTY	80000	80000
CP_ORDER_LMQTY	80000	80000
MEMBER_NO	6566	6551
MEMBER_NAME	KAYAN SECURITIES PVT. LTD.	GIRIRAJ STOCK BROKING PVT. LTD.
OLD_CLIENT		
MODIFIED_CLIENT	MS12	T021
CP_MEMBER_NO	6551	6566
CP_MEMBER_NAME	GIRIRAJ STOCK BROKING PVT. LTD.	KAYAN SECURITIES PVT. LTD.
CP_OLD_CLIENT		
CP_MODIFIED_CLIENT	T021	
TERMINALID		MS12
USER_NAME	ASHOK KUMAR KAYAN	Vinay Jajodia
LOCATION_ADDRESS	1 R N MUKHRJEE ROAD, MARTIN BURN BUILDING KOLKATA WEST BENGAL 700001	190, JAMUNA LAL BAJAJ STREET KOLKATA WEST BENGAL 700007
CP_TERMINALID		
CP_USER_NAME	Vinay Jajodia	ASHOK KUMAR KAYAN
CP_LOCATION_ADDRESS	190, JAMUNA LAL BAJAJ STREET KOLKATA WEST BENGAL 700007	1 R N MUKHRJEE ROAD, MARTIN BURN BUILDING KOLKATA WEST BENGAL 700001
ORDER_AUD	A	A
CP_ORDER_AUD	A	A
ORDER_TYPE	L	L
CP_ORDER_TYPE	L	L
LOCATIONID	7000010001002012	7000070001001012
CP_LOCATIONID	7000070001001012	7000010001002012
SCRIPNAME	PGCL15JUL145.00PE	PGCL15JUL145.00PE
EXPIRY	2015-07-30	2015-07-30
STRIKEPRICE	14500.0	14500.0
SERIES	EQD	EQD
MKT_TYPE	N	N
ISIN_NO		
qty	80000	80000





Annexure C

PAN Number	Name	Artificial Volume	Non-Genuine Trades	Number of Contracts
ABNPL7384C	VINEETA KABRA	1,60,000	2	1



