



भारतीय प्रतिभूति
और विनिमय बोर्ड 15
Securities and Exchange
Board of India

By Speed Post A.D./ Email

CHIEF GENERAL MANAGER & ADJUDICATING OFFICER
ENQUIRIES AND ADJUDICATION DEPARTMENT - 5

EAD5/MC/VV/ 32580 /2021

November 15, 2021

Ms. Meeta Singh
PAN: ANXPS4790H
C-5, Dilkhush Colony,
Lucknow – 226001
Uttar Pradesh

Email – Not provided

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options at BSE

1. Securities and Exchange Board of India (hereinafter referred to as, "SEBI") has initiated Adjudication Proceedings against Meeta Singh (hereinafter referred to as, "Noticee/You") 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"), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. ("BSE").
2. The undersigned was appointed as Adjudicating Officer vide Order dated June 21, 2021 to enquire into and adjudge under Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as, "SEBI Act"), the

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

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alleged violations by the Noticee. Copy of communiqué dated July 27, 2021 appointing the undersigned as Adjudicating Officer is placed as **Annexure 1**.

3. As part of ongoing surveillance, SEBI noticed large scale reversal of trades in Stock Options segment of 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 led to 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 4 such reversal trades on 2 unique contracts, which led to generation of artificial volume of 104000 units. These trades of the Noticee involved reversal with the one counterparty in one day, at different prices. Details of all the reversal trades of the Noticee in Stock Option Segment of BSE during investigation period are given in **Annexure 2**.
6. The Noticee had entered into 4 reversal trades on 1 day viz. 24/06/2015, through 2 contracts with 1 counterparty viz. H D V S Developers Limited. The 4 reversal trades each entered into by the Noticee were reversed on the same day with the same counterparty 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.



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Summary of dealings of Noticee 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 Vol 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
1.	ABNV15AUG1650.00PE	18	20000	39	20000	80000	100	50
2.	INFY15AUG940.00PE	10.25	32000	22	32000	202000	100	31.68

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

7. The abovementioned contracts which resulted in 4 reversal trades creating artificial volumes may be understood through an illustration of one of the contract which is as follows :-

(a) During the investigation period, in the said contract viz. "ABNV15AUG1650.00PE", the Noticee on 24/06/2015 has executed 2 trades for a total volume of 40000 units with counterparty, viz. H D V S Developers Limited.

(b) While dealing in the said contract on 24/06/2015, the Noticee at 14:39:15.51 hrs executed one sell trade for 20000 units at the rate of Rs.39 per unit with counterparty viz. H D V S Developers Limited. In 7 minutes after the aforementioned sell trade, the Noticee reversed the trade by executing one buy trade at 14:39:22.53 hrs for 20000 units at the rate of Rs.18 per unit with the same counterparty.



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(c) From the above, it is noted that while dealing in aforesaid contract during the investigation period, the Noticee executed a total of 2 trades (1 buy trade and 1 sell trade). This made up to 50% of the total market volume for this contract during the investigation period, thereby allegedly generating artificial volume of 104000 units.

8. In view of the foregoing, it is alleged that Noticee, by indulging in execution of non-genuine reversal trades in Stock Options with one entity on one 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.
9. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act.
10. 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) Rules, 1995 (hereinafter referred to as, '**Adjudication Rules**') read with section 15I of the SEBI Act, and why penalty should not be imposed section 15HA of the SEBI Act.
11. Your reply, if any, should reach the undersigned or through email at maninderc@sebi.gov.in and vvidya@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.
12. 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.

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Telephone numbers / Fax numbers / e-mail IDs and details of contact persons
for records.


MANINDER CHEEMA
ADJUDICATING OFFICER

Enclosure:

- 1) Annexure 1 - Copy of the communiqué appointing the Adjudicating Officer.
- 2) Annexure 2 - Integrated trade log of all reversal trades of Noticee in Stock
Option segment of BSE during the investigation period i.e, April 1, 2014 to
September 30, 2015

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Communication of the Order appointing Adjudicating Officer

1. Whereas, Securities and Exchange Board of India (SEBI) has examined trading in the scrip of Illiquid Stock Options at BSE 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 Regulations 3 (a), (b), (c), (d), and Regulations 4 (1), 4 (2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, by the entities mentioned at Annexure A.
3. The Competent Authority has, therefore, in exercise of the powers conferred upon her under Section 19 of the SEBI Act, 1992 ("SEBI Act") read with Section 15-I(1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("hereinafter referred as the 'SEBI Rules'") read with Section 19 of the SEBI Act appointed Shri Suresh B. Menon, Chief General Manager, Shri G. Ramar, Chief General Manager, Ms. Maninder Cheema, Chief General Manager, Shri Prasanta Mahapatra, Chief General Manager, Shri Vijayant Kumar Verma, General Manager and Ms. Soma Majumder, General Manager as Adjudicating Officers vide Order dated June 21, 2021 to enquire into and adjudge under Sections 15HA SEBI Act, 1992 for alleged violations by the Noticees as mentioned at Para 2 above. The list of the entities against whom adjudication is approved and the names of the Adjudicating Officers who are appointed to adjudicate against respective entities are listed in Annexure A.
4. The said proceedings of appointment are hereby 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. 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 to penalty, may impose penalty, as they think fit, in terms of Rule 5 of the SEBI Rules and provisions of Sections 15 HA of the SEBI Act.

Dated at Mumbai, this 27th day of July 2021.



ROBIN JOSEPH BABY
DEPUTY GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA