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भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D.

ADJUDICATING OFFICER

HRD/ADJ/PM/OW/P/2454 /1/2022
January 20, 2022

GOURAV BEGNANI BENIFIT TRUST [PAN: AABTG2809E]

124 M G Road Burrabazar
Kolkata
West Bengal 700001

Subject: Adjudication Proceedings in respect of Gourav Begnani Benifit Trust 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) Rules, 1995

1. Securities and Exchange Board of India (hereinafter, referred to as "SEBI") initiated adjudication proceedings in respect of Gourav Begnani Benifit Trust (hereinafter, referred to as 'Noticee') bearing PAN: AABTG2809E, for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 (hereinafter, referred to as "PFUTP Regulations, 2003"), in the matter of trading in illiquid stock options on the BSE Ltd. ("BSE").
2. The undersigned was appointed as Adjudicating Officer vide order dated July 02, 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 July 06, 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 1, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period").
4. Pursuant to investigation, it is observed that during the investigation period, a total of 2,91,744 trades comprising 81.40% of all the trades executed in BSE Stock Options

सेबी भवन, प्लॉट नं. सी 4-ए, "जी" ब्लॉक, बान्द्रा कुर्या 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 ई-मेल : seci@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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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 reversal trades through 2 trades in 1 unique contract, which led to generation of alleged artificial volume of 1,20,000 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 (one) Stock Options contract 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 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.
7. A summary of dealings of Noticee in 1 (one) Stock Options contract in which it 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 (₹)	Total Buy Volume (no. of units)	Avg. Sell Rate (₹)	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	DISH15MAY75.00CE	6.5	60000	8.15	60000	100%	25%

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





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8. The abovementioned reversal trades and volumes are illustrated through the dealings of Noticee in one contract viz, "DISH15MAY75.00CE" during the investigation period, as follows:-
- (a) During the investigation period, 2 trades for 1,20,000 units were executed by the Noticee in the said contract on May 22, 2015.
 - (b) While dealing in the said contract on May 22, 2015 at 13:56:03 hrs the Noticee entered into a buy trade with counterparty Radha Mohan Purshottam Das Jewels Pvt Ltd for 60,000 units at ₹ 6.5 per unit. On the same day, at 13:56:13 hrs, the Noticee entered into a sell trade with the same counterparty, for same quantity i.e. 60,000 units at ₹ 8.15 per unit.
 - (c) The Noticee's two trades, while dealing in the above said contract during the investigation period allegedly generated artificial volume of 1,20,000 units which made up 25% 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 entity 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 Noticee 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) Rules, 1995 read with Section 15-I of the SEBI Act, and why penalty should not be imposed under Section 15HA of the SEBI Act.
12. Your reply, if any, should reach the undersigned at the address given below or through email at preetim@sebi.gov.in and rajkd@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 SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995.





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Securities and Exchange Board of India
SEBI Bhavan, C4-A, 'G' Block,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

13. You may also indicate whether you desire a personal hearing in the matter. 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.

Preeti

PREETI MAHESHWARI
ADJUDICATING OFFICER



Enclosures: Documents relied upon are as follows:-

Annexure	Copy of relevant documents enclosed with this SCN	No of Pages
A	Copy of communique dated July 06, 2021 appointing Adjudicating Officer	3
B	Integrated trade log of all trades of Noticee in Stock option segment of BSE during the investigation period i.e April 01, 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

SECURITIES AND EXCHANGE BOARD OF INDIA
Order communicating appointment of Adjudicating Officer

1. Whereas, Securities and Exchange Board of India (SEBI) has conducted examination trading in option 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 upon her 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 appointed certain Division Chiefs as Adjudicating Officers vide Order dated July 02, 2021 to enquire into and adjudge under Sections 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. The Adjudicating Officers shall enquire



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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 6th day of July 2021.


BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA



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TRADE DATE	SCRIP CODE	clnt_nm	clnt_nm	cp_dsn	cp_nm	ORDER NO	CP_ORD ER_NO	TRADE D	ORDER TIME	CP_ORDE R TIME	TRADE TIME	TRADE RATE	ORDER RATE	CP_ORDE R RATE	TRADE D_QTY	ORDER QTY	CP_ORD ER_QTY	MEMBER_N A ME	CP_MEMBER R_NAME	ORDER TYPE	CP_ORDE R TYPE	SCRIP A ME	EXPIRY	STRIKE PRICE
22/05/2015	872734	AARTG 2808E	GOURAV BEGNANI BENEFIT TRUST	AAECR 2919N	radha mohan purshotam das jewels pvt ltd	1432274 9326920 02004	1432274 9326920 02005	13:56:03. 883069	13:56:03. 898870	13:56:03. 898870	13:56:03. 898870	6.5	6.5	6.5	60000	60000	60000	CONCORD VINIMAY PVT. LTD.	MAUZAMPURIA SECURITIES BROKING PVT LTD	L	L	DISH15 MAY75. 00CE	2015-05-28	7500.0
22/05/2015	872734	AAECR2 519N	radha mohan purshotam das jewels pvt ltd	AARTG 2808E	GOURAV BEGNANI BENEFIT TRUST	1432274 9326920 02005	1432274 9326920 02007	13:56:13. 211355	13:56:13. 289499	13:56:13. 289499	8.15	8.15	8.15	8.15	60000	60000	60000	MAUZAMPURIA SECURITIES BROKING PVT LTD	CONCORD VINIMAY PVT. LTD.	L	L	DISH15 MAY75. 00CE	2015-05-28	7500.0



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Annexure C

PAN	AABTG2809E
Scrip Name	DISH15MAY75.00CE
Buy Quantity	60000
Average Buy rate (in ₹)	6.5
Buy Value (In ₹)	390000
Sell Quantity	60000
Average Sell rate (In ₹)	8.15
Sell Value (In ₹)	489000
Number of non-genuine trades executed by Entity in the Contract	2
Total number of trades executed by the Entity in the Contract	2
Total number of trades executed in the contract	6
Artificial volume generated by Entity in the Contract	120000
Total volume generated by Entity in the Contract	120000
Total volume in the Contract	480000
% of non-genuine trades of Entity in the contract to Entity's Total trades in the Contract	100
% of non-genuine trades of Entity in the contract to Total trades in the Contract	33.33
% of Artificial Volume generated by Entity in the contract to Entity's Total Volume in the Contract	100
% of Artificial Volume generated by Entity in the contract to Total Volume in the Contract	25

