



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

PRASANTA MAHAPATRA
ADJUDICATING OFFICER

Email: prasantam@sebi.gov.in

By Speed Post

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August 31, 2021

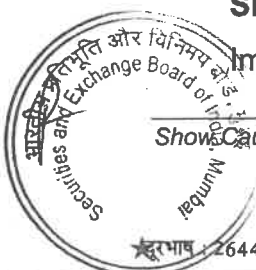
Rajeev Chandak HUF
Flat No-2, 4th Floor,
B Block, Jeevan Jyoti Colony,
Satna, Madhya Pradesh, India.
PAN: AAMHR6180G

Subject: 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 against Rajeev Chandak HUF

1. Securities and Exchange Board of India (hereinafter, referred to as "SEBI") has initiated adjudication proceedings against Rajeev Chandak HUF (hereinafter referred to as the "Noticee") for alleged violation of the provisions of regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter, referred to as the "PFUTP Regulations, 2003"), in the matter of trading in illiquid stock options on the BSE Ltd (hereinafter referred to as "BSE").
2. The undersigned has been appointed as the adjudicating officer *vide* order dated April 26, 2021, under section 19 read with sub-section (1) of section 15-I of the Securities and Exchange Board of India Act, 1992 (herein after referred to as the **SEBI Act, 1992**) and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter, referred to as the "**Adjudication**

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.

☎ 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 26449000 / 40459000 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), 26449000 / 40459000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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Rules, 1995") to inquire into and adjudge the alleged violation committed by the Noticee, under section 15HA of the SEBI Act, 1992. A copy of the communiqué dated April 26, 2021 appointing the undersigned as the adjudicating officer is hereby annexed as **Annexure "A"** (refer to serial no. 262 on page 2).

3. SEBI observed large scale reversal of trades in the stock options segment of BSE. Subsequently, upon investigation of the trading done during the period from April 1, 2014 to September 30, 2015 (hereinafter referred to as the "**Investigation Period**" / "**IP**") in the stock options traded on BSE, SEBI observed large scale reversal of trades by various entities including the Noticee. The reversal trades comprised of 81.38% (2,91,643 trades) of all the trades executed in BSE stock options segment wherein the open positions were squared off with a significant price difference without any basis for such change in the contract price. It is alleged that the aforesaid reversal trades were non-genuine in nature and resulted into generation of artificial volumes.
4. The Noticee is alleged to have engaged in 4 such instances in two (2) unique contracts wherein the position taken was reversed with the same counterparty on the same day, but at a substantial price difference. Details of all the reversal trades of the Noticee and summary of all the reversal trades in stock option segment of BSE during the IP are given in **Annexure "B"** and **Annexure "C"** respectively.
5. A summary of dealings of the Noticee in two (2) stock options contracts in which the Noticee allegedly executed non genuine reversal trades during the IP, is as follows:

Summary of dealings of Noticee in contracts wherein the Noticee executed reversal trades:





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Sl. no	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 the Noticee in the contract to total trades in the contract	% of Artificial volume generated by Noticee in the contract to total volume in the contract
1.	IDBI15JUN55.00CE	5.4	76000	9.3	76000	25	25
2.	OBNK15MAR240.00CE	0.5	81000	6.7	81000	20	14.31

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

6. The abovementioned reversal trades and volumes are illustrated through the dealings of the Noticee in one contract viz, "IDBI15JUN55.00CE" during the IP, as follows:

- (a) On June 23, 2015, the Noticee bought 76000 units of the aforesaid contract at 13:30:48 (Buy order placed at 13:30:48; Sell Order placed at 13:30:48) from Gopalka Savings & Investment Private Limited at a price of ₹5.4.
- (b) On the same day, the Noticee reversed its position by selling 76000 units to the same counterparty (i.e., Gopalka Savings & Investment Private Limited) at 13:30:52 (Buy order placed at 13:30:52; Sell Order placed at 13:30:52) at a price of ₹9.3.

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(c) From the above, it is noted that while dealing in aforesaid contract during the IP, the Noticee executed total 2 trades (1 buy trade and 1 sell trade). This constituted 25% of the total market volume in the contract, and thereby the Noticee allegedly generated artificial volume of 152000 units.

7. In view of the foregoing, it is alleged that the 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 regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of the PFUTP Regulations, 2003.
8. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, 1992, the provisions of which are reproduced hereunder:

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".

9. 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 Adjudication Rules, 1995 read with section 15-I of the SEBI Act, 1992 and why penalty should not be imposed under section 15HA of the SEBI Act, 1992.
10. Your reply, if any, should reach the undersigned through email at prasantam@sebi.gov.in and poojaa@sebi.gov.in within 14 days from the date of receipt of this Notice, failing which it shall be presumed that the allegations levelled in this notice have been accepted by you and that you have waived the notice under rule 4(3) of Adjudication Rules, 1995 and the matter would be further proceeded on the basis of the evidence available on record.

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11. Further, you are required to keep the undersigned informed about 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 / email ids and details of contact persons for records.

PRASANTA MAHAPATRA
ADJUDICATING OFFICER



Enclosures: Documents relied upon are as follows:

Annexure	Copy of relevant documents enclosed with this SCN
A	Communique dated April 26, 2021 appointing the Adjudicating Officer
B	Integrated trade log of all reversal trades of Noticee in the stock options segment of BSE during the period April 1, 2014 to September 30, 2015
C	Summary of all reversal trades

SECURITIES AND EXCHANGE BOARD OF INDIA**Communication of the Order appointing Adjudicating Officer**

1. Whereas the 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 by the entities mentioned at Annexure A.
3. And whereas the Competent Authority had, in exercise of the powers conferred upon her under Section 15-I(1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) 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 Amit Pradhan, Chief General Manager, Shri G. Ramar, Chief General Manager, Shri K. Saravanan, Chief General Manager, Ms. Maninder Cheema, Chief general Manager, Shri Prasanta Mahapatra, Chief General Manager, Shri Vijayant Kumar Verma, General Manager, Ms. Soma Majumder, General Manager as Adjudicating Officers vide Order dated April 20, 2021, to enquire into and adjudge under Section 15HA of the SEBI Act for the 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 SEBI Rules read with sub-sections (1) and (2) of Section 15-I of the SEBI Act. The Adjudicating Officer 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 the provisions of Sections 15 HA of the SEBI Act.

Dated at Mumbai, this 26th day of April 2021.



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

221	210009868	AAGHN3289N	NIKHIL JALAN AND SONS HUF	Deepu Ana	K Saravanan
222	210006286	AAAHN6724J	NIKHIL TANDON HUF	Deepu Ana	K Saravanan
223	210018471	BNMPA4098L	nikita agarwal	Deepu Ana	K Saravanan
224	210017533	ARTPA9537A	NIKITA AGRAWAL	Deepu Ana	K Saravanan
225	210018215	BEMPG8600R	NIKITA GOEL	Deepu Ana	K Saravanan
226	210017103	AMQPG3504M	NIKITA GUPTA	Deepu Ana	K Saravanan
227	210017298	AOWPM8225M	NIKITA MODI	Deepu Ana	K Saravanan
228	210017575	ASKPD6662K	NIKITA DEORA	Deepu Ana	K Saravanan
229	210016723	AKQPK2258L	NIKITA KHETAWAT	Deepu Ana	K Saravanan
230	210018248	BFJPR9112K	NIKITA RUNGTA	Deepu Ana	K Saravanan
231	210013175	ACCPT3107F	NIKITA TOLANI	Deepu Ana	K Saravanan
232	210017875	AWIPP5073G	NIKUNJ PODDAR	Deepu Ana	K Saravanan
233	210018288	BGOPS2187M	NIKUNJ KIRITBHAI SHAH	Deepu Ana	K Saravanan
234	210007110	AABHN7367Q	NILESH J GANDHI HUF	Deepu Ana	K Saravanan
235	210006400	AAAPD6080B	NILESH KESHAVJI DEDHIA	Deepu Ana	K Saravanan
236	210009842	AAGHM2844A	NILESH VASANTLAL MEHTA HUF	Deepu Ana	K Saravanan
237	210014534	ADWPK6168Q	NILESHKUMAR MULJIBHAI KOTHARI	Deepu Ana	K Saravanan
238	210006725	AABCN0114C	WILLIAMPATHY TRACON PRIVATE LIMITED	Deepu Ana	K Saravanan
239	210013468	ACOPC2270J	NILU CHOPRA	Deepu Ana	K Saravanan
240	210008482	AADHN9642N	NIMESH DOSHI HUF	Deepu Ana	K Saravanan
241	210008458	AADHN4442G	NIMESH HARISHKUMAR VORA HUF	Deepu Ana	K Saravanan
242	210015875	AGRPD5020A	NIMESH PRAFULBHAI DOSHI	Deepu Ana	K Saravanan
243	210007905	AACHS8513A	NIMISH SAKARCHAND SHAH HUF	Deepu Ana	K Saravanan
244	210018980	FXMPS7005F	NIMISHA SARAF	Deepu Ana	K Saravanan
245	210016168	AHWPB8909L	NIRA VIPUL KUMAR BHIMANI	Deepu Ana	K Saravanan
246	210009084	AAEHN8199K	NIRAJ BOTHRA & SONS HUF	Deepu Ana	K Saravanan
247	210017085	AMMPD2651G	NIRAJ DAMANI	Deepu Ana	K Saravanan
248	210015715	AGCPK9823B	NIRAJ KUMAR KAJARIA	Deepu Ana	K Saravanan
249	210009080	AAEHN7069L	NIRAJ PRAKASH KHETAN HUF	Deepu Ana	K Saravanan
250	210018538	BPLPA8272B	nirbhay agarwal	Deepu Ana	K Saravanan
251	210017732	AUHPS9171P	RAJANI SHYAMSUKHA	Malu Seal	Prasanta Mahapatra
252	210013037	ABWPJ0317N	RAJANI JHAJARIA	Malu Seal	Prasanta Mahapatra
253	210006809	AABCR2729R	RAJASTHAN FLORICULTURE COMPANY PRIVATE LIM	Malu Seal	Prasanta Mahapatra
254	210006070	AAACR6794F	RAJASTHAN REALTORS PRIVATE LIMITED	Malu Seal	Prasanta Mahapatra
255	210018894	DUCPS1146G	RAJAT SRIVASTAVA	Malu Seal	Prasanta Mahapatra
256	210011922	AAPHR3032N	RAJAT JAIN HUF	Malu Seal	Prasanta Mahapatra
257	210011930	AAPHR5071R	RAJAT JHAJHARIA (HUF)	Malu Seal	Prasanta Mahapatra
258	210008827	AAECR0521J	RAJAT POWER & STEEL PVT LTD	Malu Seal	Prasanta Mahapatra
259	210009519	AAFHR7017H	RAJBIR GOYAL & SONS HUF	Malu Seal	Prasanta Mahapatra
260	210007882	AACHR7439C	RAJEEV JHUNJHUNWALA HUF	Malu Seal	Prasanta Mahapatra
261	210010558	AAIHR2349D	RAJEEV ANAND HUF	Malu Seal	Prasanta Mahapatra
262	210011484	AAMHR6180G	RAJEEV CHANDAK HUF	Malu Seal	Prasanta Mahapatra
263	210011062	AAKHR8666R	RAJEEV GUPTA HUF	Malu Seal	Prasanta Mahapatra
264	210009914	AAGHR0927R	RAJEEV KANSAL	Malu Seal	Prasanta Mahapatra
265	210009117	AAEHR3584A	RAJEEV KUMAR JAIN HUF	Malu Seal	Prasanta Mahapatra
266	210011045	AAKHR3528L	RAJEEV RAJKUMAR AGARWAL HUF	Malu Seal	Prasanta Mahapatra
267	210014348	ADQPD6038A	RAJEEV SINGH DUGAL	Malu Seal	Prasanta Mahapatra
268	210010283	AAHHR9597Q	RAJEEV SINGH DUGAL HUF	Malu Seal	Prasanta Mahapatra
269	210014590	ADYPJ3799E	RAJENDER KUMAR JAIN	Malu Seal	Prasanta Mahapatra
270	210016637	AKDPS8856M	RAJENDER SINGH CHHATWAL	Malu Seal	Prasanta Mahapatra
271	210013421	ACMPC3999E	RAJENDRA CHOWDHURY	Malu Seal	Prasanta Mahapatra
272	210007890	AACHR9417G	RAJENDRA CHOWDHARY AND CO HUF	Malu Seal	Prasanta Mahapatra
273	210013688	ACTPT9527E	RAJENDRA D THAKAR	Malu Seal	Prasanta Mahapatra
274	210009525	AAFHR9113Q	RAJENDRA D THAKAR HUF	Malu Seal	Prasanta Mahapatra
275	210007880	AACHR5420B	RAJENDRA GUPTA	Malu Seal	Prasanta Mahapatra
276	210015771	AGIPA6141Q	RAJENDRA KUMAR AGARWAL	Malu Seal	Prasanta Mahapatra