



भारतीय प्रतिभूति
और विनिमय बोर्ड

By Speed Post A.D./Email

**Securities and Exchange
Board of India**

ADJUDICATING OFFICER

Outward No. 39024/1/2022

08/08/2022

**SANJEEV MITTAL HUF
PAN: ABAHS3525H
VASUNDHRA ENCLAVE PITAMPURA
DELHI DELHI -110034**

Email Address: #N/A

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 (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).
3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/Annexure 1). The reversal trades involved

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.), 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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squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.

4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (SEBI Act) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in columns **B, E/G, M, P** and **Z** respectively of the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.
7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:



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"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."

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the **SEBI Settlement Scheme, 2022** pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

"17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs." (Emphasis Supplied)

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the **SEBI Settlement Scheme, 2022**, in terms of 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:

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

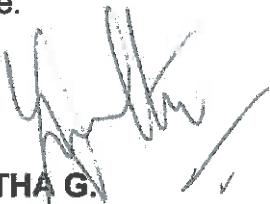
* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.



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10. The period of the **SEBI Settlement Scheme, 2022** will commence on August 22, 2022 and will close on November 21, 2022, 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.
11. 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 scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.


GEETHA G.

ADJUDICATING OFFICER

Enclosures: 1) Annexure 1 - Relevant Extract of Investigation Report

2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer

3) Annexure 3 - Details of all the reversal trades of the Noticee

4) Annexure 4 - Summary of reversal trades of the Noticee

5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

sno	TRADE_DATE	SCRIPCODE	clnt_pan	clnt_name	cp_pan
268352	15/07/2015	822091	ACJFS5724N	SHREE SIDDHIVINAYAK REALTORS AND SECURITIES	ABAH3525H
268353	15/07/2015	822091	ABAH3525H	SANJEEV MITTAL HUF	ACJFS5724N
268474	15/07/2015	835116	ABAH3525H	SANJEEV MITTAL HUF	ACJFS5724N
268475	15/07/2015	835116	ACJFS5724N	SHREE SIDDHIVINAYAK REALTORS AND SECURITIES	ABAH3525H
268760	15/07/2015	855058	ACJFS5724N	SHREE SIDDHIVINAYAK REALTORS AND SECURITIES	ABAH3525H
268761	15/07/2015	855058	ABAH3525H	SANJEEV MITTAL HUF	ACJFS5724N

cp_name	ORDER_NO	CP_ORDER_NO	TRADEID	ORDER_TIME	CP_ORDER_TIME	TRADE_TIME
SANJEEV MITTAL HUF	1436943325661001001	1436943325661001000	10085	12:26:45.192665	12:26:44.505577	12:26:45.192665
SHREE SIDDHIVINAYAK REALTORS AND SECURITIES	1436943325661001003	1436943325661001002	11036	12:26:49.318124	12:26:49.192692	12:26:49.318124
SHREE SIDDHIVINAYAK REALTORS AND SECURITIES	1436943325661000003	1436943325661000002	8057	12:25:30.957998	12:25:30.786324	12:25:30.957998
SANJEEV MITTAL HUF	1436943325661000001	1436943325661000000	10435	12:25:26.285995	12:25:25.661018	12:25:26.285995
SANJEEV MITTAL HUF	1436943269551000001	1436943269551000000	7961	12:24:30.067047	12:24:29.551481	12:24:30.067047
SHREE SIDDHIVINAYAK REALTORS AND SECURITIES	1436943269551000003	1436943269551000002	14229	12:24:34.051623	12:24:33.957577	12:24:34.051623

ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	LTP_RATE	LTP_PERCENT	TRADE_VALUE	ORDER_RATE	CP_ORDER_RATE	ORDER_LMRATE
12:26:45.192665	12:26:44.505577	27	0.0	0.0	31437000.0	27.0	27.0	27.0
12:26:49.318124	12:26:49.192692	18.25	-8.75	-32.41	31253250.0	18.25	18.25	18.25
12:25:30.957998	12:25:30.786324	5.25			25876500.0	5.25	5.25	5.25
12:25:26.285995	12:25:25.661018	14	8.75	166.67	26104000.0	14.0	14.0	14.0
12:24:30.067047	12:24:29.551481	12.75	1.75	15.91	32015250.0	12.75	12.75	12.75
12:24:34.051623	12:24:33.957577	4.55	-8.2	-64.31	31761050.0	4.55	4.55	4.55

CP_ORDER_LMRATE	ORDER_LTP	CP_ORDER_LTP	TRADED_QTY	ORDER_QTY	CP_ORDER_QTY	ORDER_AVLQTY	CP_ORDER_AVLQTY	ORDER_LMQTY
27.0	27.0	10000.0	21000	21000	21000	21000	21000	21000
18.25	18.25	27.0	21000	21000	21000	21000	21000	21000
5.25	5.25	14.0	26000	26000	26000	26000	26000	26000
14.0	14.0		26000	26000	26000	26000	26000	26000
12.75	12.75	18000.0	31000	31000	31000	31000	31000	31000
4.55	4.55	12.75	31000	31000	31000	31000	31000	31000

CP_ORDER_LMQTY	MEMBER_NO	MEMBER_NAME	OLD_CLIENT	MODIFIED_CLIENT	CP_MEMBER_NO
21000	3302	ASHLAR SECURITIES PRIVATE LIMITED		RO1510	6513
21000	6513	SUNSTAR SECURITIES		RS212	3302
26000	6513	SUNSTAR SECURITIES		RS212	3302
26000	3302	ASHLAR SECURITIES PRIVATE LIMITED		RO1510	6513
31000	3302	ASHLAR SECURITIES PRIVATE LIMITED		RO1510	6513
31000	6513	SUNSTAR SECURITIES		RS212	3302

CP_MEMBER_NAME	CP_OLD_CLIENT	CP_MODIFIED_CLIENT	TERMINALID	USER_NAME
SUNSTAR SECURITIES		RS212	902	RAGHUNATH SINGH
ASHLAR SECURITIES PRIVATE LIMITED		RO1510	902	sunil kumar malik
ASHLAR SECURITIES PRIVATE LIMITED		RO1510	902	sunil kumar malik
SUNSTAR SECURITIES		RS212	902	RAGHUNATH SINGH
SUNSTAR SECURITIES		RS212	902	RAGHUNATH SINGH
ASHLAR SECURITIES PRIVATE LIMITED		RO1510	902	sunil kumar malik

LOCATION_ADDRESS	CP_TERMINALID	CP_USER_NAME
A 38 SECTOR 67 NOIDA NOIDA UTTAR PRADESH 201301	902	sunil kumar malik
56/33 site 4 sahibabad inmdustrial ghaziabad GHAZIABAD UTTAR PRADESH 201010	902	RAGHUNATH SINGH
56/33 site 4 sahibabad inmdustrial ghaziabad GHAZIABAD UTTAR PRADESH 201010	902	RAGHUNATH SINGH
A 38 SECTOR 67 NOIDA NOIDA UTTAR PRADESH 201301	902	sunil kumar malik
A 38 SECTOR 67 NOIDA NOIDA UTTAR PRADESH 201301	902	sunil kumar malik
56/33 site 4 sahibabad inmdustrial ghaziabad GHAZIABAD UTTAR PRADESH 201010	902	RAGHUNATH SINGH

CP_LOCATION_ADDRESS	ORDER_AUD	CP_ORDER_AUD	ORDER_TYPE	CP_ORDER_TYPE
56/33 site 4 sahibabad inmdustrial ghaziabad GHAZIABAD UTTAR PRADESH 201010	A	A	L	L
A 38 SECTOR 67 NOIDA NODA UTTAR PRADESH 201301	A	A	L	L
A 38 SECTOR 67 NOIDA NODA UTTAR PRADESH 201301	A	A	L	L
56/33 site 4 sahibabad inmdustrial ghaziabad GHAZIABAD UTTAR PRADESH 201010	A	A	L	L
56/33 site 4 sahibabad inmdustrial ghaziabad GHAZIABAD UTTAR PRADESH 201010	A	A	L	L
A 38 SECTOR 67 NOIDA NODA UTTAR PRADESH 201301	A	A	L	L

LOCATIONID	CP_LOCATIONID	SCRIPNAME	EXPIRY	STRIKEPRICE	SERIES	MKT_TYPE	ISIN_NO	qty
2013010001021012	2010100001001012	SRFL15AUG1470.00CE	2015-08-27	147000.0	EQD	N		21000
2010100001001012	2013010001021012	SRFL15AUG1470.00CE	2015-08-27	147000.0	EQD	N		21000
2010100001001012	2013010001021012	SRFL15SEP990.00PE	2015-09-24	99000.0	EQD	N		26000
2013010001021012	2010100001001012	SRFL15SEP990.00PE	2015-09-24	99000.0	EQD	N		26000
2013010001021012	2010100001001012	JUST15SEP1020.00PE	2015-09-24	102000.0	EQD	N		31000
2010100001001012	2013010001021012	JUST15SEP1020.00PE	2015-09-24	102000.0	EQD	N		31000

Index	clnt_pan	scripname	buy_quantity	buy_value	avg_buy_rate	sell_qty	sell_value	avg_sell_rate	non_gen_trnx_entity_contract
0	ABAH3525H	JUST15SEP1020.00PE	31000	141050	4.55	31000	395250	12.75	2
0	ABAH3525H	SRFL15AUG1470.00CE	21000	383250	18.25	21000	567000	27	2
0	ABAH3525H	SRFL15SEP990.00PE	26000	136500	5.25	26000	364000	14	2

total_trd_entity_contract	total_no_of_trades_of_the_contract	art_vol_gen_entity_in_the_contract	total_vol_gen_by_entity_in_the_contract
2	6	62000	62000
2	6	42000	42000
2	2	52000	52000

total_vol_in_the_contract	prcnt_of_non_gen_trds_entity_total_trds_in_cntrct	prcnt_of_non_gen_trds_entity_total_trds_in_cntrct
170000	100	33.33
86000	100	33.33
52000	100	100

prcnt_of_art_vol_gen_entity_cnrct_total_vol_in_cnrct	prcnt_of_art_vol_gen_entity_cnrct_total_vol_in_cnrct
100	36.47
100	48.84
100	100