BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO: Order/MAS/AKJ/2023-24/29837]

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

Pawan Kumar Agarwal
(PAN: AANPA5607N)

In the matter of dealings in Illiquid Stock Options at BSE

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") observed large scale reversal of trades in stock options segment of Bombay Stock Exchange (hereinafter referred to as "**BSE**"). SEBI observed that such large scale reversal of trades in stock options led to creation of artificial volume at BSE. In view of the same, SEBI conducted an investigation into the trading activities in illiquid stock options at BSE for the period April 1, 2014 to September 30, 2015 (hereinafter referred to as "**Investigation Period**" or **"IP"**).

2. Pursuant to a preliminary examination conducted in the Illiquid Stock Options matter, an Interim order was passed by SEBI on August 20, 2015 against 59 entities which were

confirmed vide Orders dated July 30, 2016 and August 22, 2016. Meanwhile, SEBI initiated a detailed investigation relating to trading in stock options segment of BSE which was completed in the year 2018. The investigation findings revealed that 14,720 entities were involved in executing non-genuine trades in BSE's stock options segment during the investigation period and also revealed that of all trades executed in the stock options segment of BSE during the Investigation Period, 81.41% of the trades, that is 2,91,744 trades, were trades which involved a reversal of buy and sell positions by the clients and counterparties in a contract. It was observed that, **Pawan Kumar Agarwal** (PAN-AANPA5607N) (hereinafter referred to as the "**Noticee**") was one such entity whose reversal trades involved squaring-off transactions with significant difference in the sell value and buy value of the transactions. In view of the same, SEBI initiated adjudication proceedings against the Noticee for violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**).

3. The proceedings initiated against the first set of 59 entities, vide the aforementioned Interim Order, were disposed of vide final Order dated April 05, 2018, without any further directions, observing that the Adjudicating Officer shall continue the proceedings in accordance with the SEBI Act,1992 (hereinafter referred to as the **"SEBI Act"**) and SEBI (Procedure for Holding and Imposing Penalties by Adjudicating Officer) Rules,1995 (hereinafter referred to as the **"Adjudication Rules"**) and pass appropriate order on

merits. It was also recorded therein that SEBI has decided to take appropriate action against all 14,720 entities in phases.

4. In the meantime, the Hon'ble Securities Appellate Tribunal (**"SAT"**), vide its Order dated October 14, 2019, in the case of "*R. S. Ispat Ltd Vs SEBI"*, *inter alia* observed that "SEBI" may consider holding a Lok Adalat or adopting any other alternative dispute resolution process with regard to the "Illiquid Stock Options".

5. Accordingly, a Settlement Scheme was framed under the SEBI (Settlement Proceedings) Regulations, 2018, which provided a one-time opportunity for settlement of proceedings in the Illiquid Stock Options matter. The said scheme was kept open from August 01, 2020 till December 31, 2020. Finally, adjudication proceedings were initiated against those entities who did not avail the opportunity of settlement.

6. It was observed that 13,186 entities did not avail the opportunity of settlement and therefore, Adjudication proceedings were initiated against the entities in a phased manner. In order to duly expedite the Adjudication proceedings against the entities, SEBI had appointed additional Adjudicating officers to adjudicate against the said entities. However, owing to the huge number of alleged entities, the adjudication proceedings were being conducted in a phased manner that required adequate time to complete the proceedings against all entities. The Adjudicating officers had passed Orders with respect to certain entities in a phased manner.

7. Some of the entities against whom Orders were passed in the adjudication proceedings appealed before the SAT. During the course of the hearing in a group of appeals, SAT,

vide its Order dated May 13, 2022, *inter alia* observed 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".*

8. Accordingly, SEBI introduced a Settlement Scheme i.e. SEBI Settlement Scheme, 2022 (hereinafter referred to as **"Scheme 2022"**) in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as **"Settlement Regulations"**). The Scheme provided a onetime opportunity to the entities against whom proceedings had been initiated and appeals against the said proceedings were pending before any forum or authority.

9. I note that SEBI framed the Scheme in accordance with the provisions of the Settlement Regulations and issued a Public Notice dated August 19, 2022 about the Scheme and the modalities for availing the benefit of the Scheme. The Notice was also made available on the website of the BSE. The Scheme was initially kept open for a period of three months commencing from August 22, 2022 to November 21,2022 (both days inclusive). Considering the interest of a large number of entities to avail the Scheme, SEBI extended the period of the Scheme till January 21, 2023 vide public notice dated November 22, 2022. A total of 10,980 Noticees availed the benefit of the Scheme and remitted the

specified settlement amount respectively. Accordingly, a settlement order was passed on March 08, 2023, settling the matter with respect to 10,980 Noticees.

10. I note that Noticee did not avail settlement under the Settlement Scheme in 2020 or 2022 and therefore Adjudication proceedings have been revived against the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

11. SEBI, after being satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged violations as mentioned above, *inter alia*, in respect of the Noticee, had appointed the undersigned as the Adjudicating Officer vide order dated July 02, 2021, under section 19 read with section 15 I(1) of the SEBI Act and rule 3 of Adjudication Rules to conduct adjudication proceedings in the manner specified under rule 4 of Adjudication Rules read with section 15 I(1) and (2) of SEBI Act, 1992, and if satisfied that penalty is liable, impose such penalty as deemed fit in terms of rule 5 of Adjudication Rules and section 15HA of SEBI Act, 1992. The appointment of the AO was communicated vide communique dated July 06, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

12. A Show Cause Notice bearing reference no. SEBI/CFID/CFID-3/MAS/AKJ/ 2021/19029/1 dated August 11, 2021 (hereinafter referred to as ‘**SCN**’) was issued to the Noticee under rule 4(1) of the Adjudication Rules to show-cause as to why enquiry proceedings should not be initiated against Noticee and penalty be imposed under section 15HA of the SEBI Act for the alleged violations of Regulations 3(a), (b), (c), (d), 4(1), and 4(2)(a) of the PFUTP Regulations. The same was delivered to Noticee via

speed post to his last known address. Thus, SCN was duly served to Noticee in terms of Rule 7 of the Adjudication Rules.

13. The following was, inter alia, alleged with regard to the dealings of the Noticee:

    a. Noticee had executed two non-genuine trades in one Stock Option contract which resulted in artificial volume of total 4,80,000 units.
    b. The non-genuine trades executed by the Noticee in the above contract had significant difference in the buy and sell rates considering that the trades were reversed on same day within few seconds without any significant change in the price of the underlying which indicates that these trades were non-genuine in nature.
    c. The entire volume generated by the Noticee in the above contract was artificial volume, and further, the artificial volume generated by the Noticee also contributed to 45.71% of the total volume in the market in said contracts on the day when Noticee's trade took place.

14. In view of the above, it was alleged that Noticee, by indulging in execution of aforesaid non-genuine reversal trades, had violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations, which are reproduced as follows:

*"**3.** Prohibition of certain dealings in securities*

No person shall directly or indirectly—

***(a)** buy, sell or otherwise deal in securities in a fraudulent manner;*

***(b)** use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive* *device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*

(c) *employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*

(d) *engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

4. *Prohibition of manipulative, fraudulent and unfair trade practices*

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: —(a) indulging in an act which creates false or misleading appearance of trading in the securities market"

15. The aforesaid SCN served to Noticee indicated the nature and details of the violation alleged to have been committed by Noticee. Further, vide letter dated July 29, 2022 Noticee was intimated regarding the SEBI Settlement Scheme, 2022. However, I note from records that Noticee did not avail the SEBI Settlement Scheme. Further, Noticee failed to file a reply to the SCN within the prescribed timelines i.e. 21 days of the receipt of the SCN.

16. Since no reply was received, reminder letter cum hearing notice bearing reference No. SEBI/HO/CFID/CFID-3/MAS/AKJ/2021/30109/1 dated October 26, 2021, was served on the Noticee via Speed Post. In response to which, Noticee vide email dated November 16, 2021 sought extension of two weeks to reply to SCN dated August 11, 2021.

17. Therefore, in the interest of natural justice, vide letter cum hearing notice dated November 17, 2021 bearing reference No. SEBI/HO/CFID/CFID-3/MAS/AKJ/2021/33038/1 Noticee was advised to file reply, if any, by November 26, 2021 and to appear for personal hearing on November 30, 2021.

18. Thereafter, the Noticee, vide letter dated November 24, 2021 submitted a reply to SCN which was received on November 29, 2021. The main contentions of the Noticee are as follows:

    a) The investigation period pertains to a trade done on 28/04/2015 but SCN is received almost after 6 years and there is no mention of fact that caused such a delay.

    b) All the trades were done through broker only and if any reversal trade happened, the same may have been done by the broker. All the transactions were done as per the norms of trading and there was never any intention to carry reversal trades.

    c) There are no artificial or fictitious trades and there is no allegation that the transactions were not as per rules and regulations of the stock exchange, therefore this does not tantamount to violation under PFUTP Regulations. There was no intention to hike the price.

d) The trading was done on market and it is not possible to know the shares/scrips sold by me and bought by other person and vice versa. I had not created any artificial demand in the scrip and gave false and misleading appearance in the scrip.

e) I do not have any relationship with any of the entities and matching of my trades with counterparty was incidental in nature.

f) The online trading is done through the algorithmic trading software approved by the exchange. The instances of reversal of trades are purely incidental to the execution of the trading strategy and are not planned to be executed.

19. A personal hearing was conducted through virtual mode on November 30, 2021 wherein the authorized representative (referred to as AR) of the Noticee, CS Prateek Kohli, made reference to the earlier submissions of noticee and requested to make additional submissions. Thereafter, additional submissions were made by AR of Noticee vide email dated December 07, 2021. The additional submissions are as follows:

19.1. Income of Noticee ranges merely between Rs. 5 lacs to Rs. 6.5 Lacs Per Annum from Assessment year 2016-17 to 2020-21.

19.2. Noticee is going through family strain as in a short span of time his father and Mother in law passed away.

20. Considering the facts and circumstances of the case and in the interest of natural justice, vide letter dated July 28, 2023 and email dated August 04, 2023 Noticee was again given an opportunity to make submissions, if any. However, Noticee, vide email dated August

06, 02023 re-iterated previous submissions dated December 07, 2021 and did not make any new submissions before me.

CONSIDERATION OF ISSUES AND FINDINGS

21. I have perused the charges levelled against the Noticee and the documents / material available on record. The issues that arise for consideration in the present case are:

    I. *Whether the Noticee has violated provisions of regulations 3(a), (b), (c), (d), 4 (1) and 4(2) (a) of PFUTP Regulations, 2003?*

    II. *Does the violation, if any, attract monetary penalty under section 15HA of the SEBI Act, 1992?*

    III. *If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992?*

ISSUE- I: Whether the Noticee has violated provisions of regulations 3(a), (b), (c), (d), 4 (1) and 4(2) (a) of PFUTP Regulations, 2003?

22. The allegation against the Noticee is that, while dealing in the stock option contracts at BSE, noticee has executed reversal trades on the same day within few seconds, which were allegedly non-genuine trades and the same has resulted in generation of artificial volume in stock option contracts at BSE. Reversal trades are those trades in which an entity places its buy or sell positions in a contract with subsequent sell or buy positions

with the same counterparty during the same day. These reversal trades are alleged to be non-genuine trades as they:

- lack basic trading rationale,
- lead to false or misleading appearance of trading in terms of generation of artificial volumes and hence are deceptive and manipulative.

23. I note from the trade log of the Noticee that he had traded in one unique contract in the stock options segment of BSE during the IP. The Noticee had executed two non-genuine trades in this one contract. I further note that the above mentioned trades of the Noticee had resulted in the creation of artificial volume of a total of 4,80,000 units in the said contract. A summary of the non-genuine trades of the Noticee is as follows:

SN	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of Units)	Avg. sell rate (Rs.)	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 on the day of Noticee's trade
1	JPPW15APR6.00CE	1.90	2,40,000	2.90	2,40,000	100.00%	45.71%

24. I note that the Noticee had executed non-genuine trades in one contract, wherein the percentage of non-genuine trades of the Noticee in stock options contracts to total trades in the contracts was 28.57%. Non-genuine trades executed by the Noticee in the above contract had a significant difference in the buy rate and sell rate considering that the trades were reversed on the same day, in a matter of just one minute.

25. I note from the trade log that the trades executed by the Noticee in a contract was squared up within a short span of time with the same counter-party. To illustrate, the Noticee, at 13:37:20 hours on April 28, 2015, entered into a buy trade with the counter-party viz. Ambica Capital Markets Limited for 2,40,000 units at the rate of Rs. 1.90 per unit in the contract JPPW15APR6.00CE. Thereafter, on the same day, the Noticee, at 13:38:29 hours entered into a sell trade with same counterparty for 2,40,000 units at the rate of Rs. 2.90 per unit in the same contract. Thus, while dealing in the said contract during the IP, the Noticee executed the reversal trade with same counterparty viz. Ambica Capital Markets Limited on the same day with significant price difference in buy and sell price without any significant change in the price of the underlying which indicates that these trades were non-genuine in nature. Thus, the Noticee, through their dealing in the contract viz. "JPPW15APR6.00CE" during the IP, executed non-genuine trades which is 28.57% of the total trades in the said contract during the IP, and thereby generating an artificial volume of 4,80,000 units.

26. The fact that the transactions executed by the Noticee are not genuine is evident from the fact that the trade log of the Noticee reveals that within a short span of time of only around one minute, the Noticee reversed the position with the counterparty with a significant price difference. Such a short span of time taken for reversing the trades in an illiquid stock option contract advocates the fact that these trades executed by the Noticee were not genuine. The fact that there was a wide variation in prices of the said contracts and the transaction in a particular contract was reversed with the same counterparty in a few seconds only indicates a prior meeting of minds with a *mala fide*

intent to execute the reversal trades at a pre-determined price. Since, these trades were executed in illiquid option contracts, there was no trading in the said contract and hence, there was no price discovery in the strictest terms; this can only lead to a conclusion that the Noticee had deliberately indulged in reversal trades with the counterparty in the stock options segment of BSE and the same were not genuine.

27. Further, I observe that it cannot only be a coincidence that the Noticee could match their trades with the same counterparty with whom the Noticee had undertaken the first leg of the respective trade. This is but an outcome of a meeting of minds and a deliberate attempt to deal in such a fashion.

28. In this context, I deem it appropriate to refer to the Hon'ble SAT order dated July 14, 2006, in the case of **Ketan Parekh vs. SEBI (Appeal no. 2/2004),** wherein the Hon'ble SAT has held that - *"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*

29. I also place reliance on the judgment of Hon'ble Supreme Court in the matter in respect of **SEBI v Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018),** in which the Hon'ble Supreme Court held that - "*Considering the reversal transactions, quantity, price and time and sale, parties*

being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities….."

30. Further, the Hon'ble Securities Appellate Tribunal, in its judgement dated September 14, 2020 in the matter of **Global Earth Properties and Developers Pvt. Ltd.** relied upon the aforesaid judgement of Hon'ble Supreme Court and held that, *"It is not a mere coincidence that the Appellants could match the trades with the counter party with whom he had undertaken the first leg of respective trade. In our opinion, the trades were non-genuine trades and even though direct evidence is not available in the instant case but in the peculiar facts and circumstances of the present case there is an irresistible inference that can be drawn that there was meeting of minds between the Appellants and the counter parties, and collusion with a view to trade at a predetermined price."*

31. The Noticee has contended that there is considerable delay in issuance of SCN from the date of alleged transaction, which took place more than eight years ago in the year 2015, and it has not been issued within a reasonable time period, thus causing serious prejudice to the Noticee.

32. The Noticee was provided with all relevant and relied upon documents along with Show Cause Notice and the Noticee was provided sufficient time to file its detailed reply and submissions and therefore, no prejudice was caused to the Noticee due to delay. Notwithstanding the same, I also note that there is no provision with prescribed time limit in the SEBI Act which may have the effect of prohibiting SEBI from taking action by issuing Show Cause Notice or passing any order beyond a particular period of time in a given case. Further, as per Section 11C of the SEBI Act, SEBI can initiate investigation at any point of time, for any period of alleged violation or any period of alleged transactions. I also note that the investigations relating to the PFUTP Regulations, 2003 are complex (considering the volume of transactions, connections and examination of trading of shares etc.) and time consuming. I feel it is pertinent to note that, in the matter of SEBI Vs. BhaveshPabari (2019) SCC Online SC 294, the Hon'ble Supreme Court of India has, *inter -alia*, observed as follows:

"There are judgements which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What should be the reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."

33. Further, in the instant case, the sequence of events described at Para 2 to 9 of this order clearly indicate that the opportunity of settlement was provided by SEBI not once but twice. During that period the instant proceedings were kept on abeyance.

34. The Noticee in his response to the SCN, has submitted that all the trades were done through broker only and if any reversal trade happened, the same may have been done by the broker. All the transactions were done as per the norms of trading and there was never any intention to carry reversal trades. The online trading is done through the algorithmic trading software approved by the exchange. The instances of reversal of trades are purely incidental to the execution of the trading strategy and are not planned to be executed.

35. I note that since the Noticee is the owner of the trading account through which the impugned trades were carried out, therefore, the Noticee cannot absolve his liability by stating that the reversal transactions were carried out by his broker. Here, I would like to refer to the order of the Hon'ble SAT, in Pragnesh Vishnubhai Patel v. SEBI (Appeal No. 268 of 2020 and Order dated September 15, 2020) wherein it was, *inter alia*, held as under: "We also find that admittedly the appellant allowed another Noticee Lalit Amritlal Shah to use his trading account and if his trading account was misused, ***the appellant himself is to be blamed and for this blunder, the appellant cannot escape the liability for violating the SEBI laws."*** (Emphasis supplied)

36. I further note that the contention of Noticee that online trading is done through the algorithmic trading software approved by the exchange cannot be accepted as the Noticee failed to submit any evidence to substantiate his contentions.

37. I note that while direct evidence may not be forthcoming in the present matter as regards to meeting of minds or collusion of the Noticee with other entity, there is guidance from

the aforesaid order of the Hon'ble Supreme Court where it lays emphasis on the 'preponderance of probabilities' in each case to arrive at a decision. Considering the following factors:

- the isolated trade and reversal in the same option contract,
- the same counter party being involved in both the trades,
- the gap between the trade and the reversal being just one minute,
- the substantial difference in the buy and sell rate within same day and
- the high volume of trade in turn creating an artificial volume of 4,80,000 units.

I cannot but conclude that the trades are not genuine, lacks economic basis and have created artificial volume.

38. My conclusion, hence is that, considering the aforesaid factors, the trading behavior of the Noticee has resulted in creating an appearance of artificial trading volumes in the contract. In view of the above, I find that the allegation of violation of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 by the Noticee stands established. The Hon'ble Supreme Court of India in the matter of **SEBI Vs. Shri Ram Mutual Fund** [2006] 68 SCL 216(SC) held that - "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…".*

39. In view of the same, I am convinced that it is a fit case for imposition of monetary penalty on the Noticee under the provisions of section 15HA of the SEBI Act, 1992.

Issue II: If yes, whether the failure, on the part of Noticee would attract monetary penalty under Section 15HA of the SEBI Act? &

Issue III: If yes, what would be the monetary penalty that can be imposed upon Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

40. Since the violation of Regulation 3(a),(b),(c),(d),4(1) and 4(2)(a) of PFUTP Regulations has been established against Noticee, as brought out in the foregoing paragraphs, Noticee is liable for monetary penalty under Section 15HA of SEBI Act which is reproduced as follows

SEBI Act: 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.

41. While determining the quantum of penalty under Section 15HA of the SEBI Act, it is important to consider the relevant factors as stipulated in Section 15J of the SEBI Act which reads as under:

Factors to be taken into account by the adjudicating officer.

15J. While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation. — For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

42. On consideration of the above factors, it is seen that there was no repetitive nature of default and neither large amount of loss to investors is brought out. Therefore, taking into account the facts and circumstances of this matter, I am of the view that the minimum penalty of Rs. 5,00,000 (Rupees Five Lakhs only) under Section 15HA of the SEBI Act will be commensurate with the violations committed by Noticee.

ORDER

43. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act, 1992 and in exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under section 15HA of the SEBI Act, 1992 on the Noticee:

Name of the Noticee	Violation provisions	Penalty
Pawan KUMAR AGARWAL (PAN: AANPA5607N)	Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003	Rs. 5,00,000/- (Rupees Five Lakh only)

44. The Notice shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

45. The Noticee shall forward the confirmation of penalty so paid to the Enforcement Department –Division of Regulatory Action –I of SEBI. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

46. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter-alia*, by attachment and sale of movable and immovable properties.

47. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to Securities and Exchange Board of India.

Date: November 30, 2023 **M A Shinod**

Place: Mumbai **ADJUDICATING OFFICER**