



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/DP/2025-26/32110]**

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

**In respect of:
Shilush Trading Pvt. Ltd.
(PAN: AALCS0075M)**

In the matter of dealings in Illiquid Stocks Options on BSE

BACKGORUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) observed large scale reversal of trades in the Illiquid Stock Options (hereinafter also referred to as “**ISO**”) on BSE Ltd. (hereinafter referred to as “**BSE**”) leading to creation of artificial volume. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in ISO on BSE for the period starting from April 1, 2014 to September 30, 2015 (hereinafter referred to as “**IP**”).
2. Investigation by SEBI revealed that during the IP, a total of 2,91,744 trades comprising 81.41% of all the trades executed in stock options segment of BSE were trades involving reversal of buy and sell positions by the clients and counterparties in a contract. In these trades, entities reversed their buy or sell position in a contract with subsequent sell or buy position with the same counterparty. These reversal trades were alleged to be non-genuine as they lacked basic trading rationale and allegedly portrayed false or misleading appearance of trading leading to creation of artificial volume in those contracts. In view of the same, such reversal trades were alleged to be deceptive and manipulative in nature.



3. During the IP, 14,720 entities were found to have executed non-genuine trades in BSE's stock options segment. It was observed that Shilush Trading Pvt. Ltd. (hereinafter referred to as the **"Noticee"**) was one of the entities who indulged in execution of reversal trades in stock options segment of BSE during the IP. Its trades were alleged to be non-genuine in nature which created false or misleading appearance of trading in terms of artificial volumes in stock options. Therefore, its trades were alleged to be manipulative and deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for alleged 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) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**).

APPOINTMENT OF ADJUDICATING OFFICER

4. Pursuant to transfer of the case from erstwhile Adjudicating Officer (hereinafter referred to as **"AO"**), the undersigned was appointed as AO in the matter vide order dated April 04, 2025, under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **"SEBI Act"**) read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **"Rules"**), to inquire into and adjudge under the provisions of section 15HA of the SEBI Act for the alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice dated December 02, 2021 (hereinafter referred to as **"SCN"**) was issued to the Noticee under rule 4(1) of Rules to show cause as to why an inquiry should not be held and penalty, if any, should not be imposed upon it for the alleged violations of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations. Alongwith the SCN, Noticee was provided summary of trades and trade log of its trades.
6. It was alleged in the SCN that the Noticee had executed one trade reversal through two non-genuine trades in one unique options contract creating artificial volume of



32,000 units. Summary of the dealings of the Noticee in said options contract, in which it allegedly executed reversal trade during the IP, is as follows:

Table No. 1

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 the Noticee in the contract to Noticee's Total volume in the contract	% of Artificial volume generated by the Noticee in the contract to Total volume in the contract
UNIT15APR18.00PE	1.8	72,000	2.8	72,000	100%	25.81%

7. The aforesaid reversal trade is illustrated through the dealings of the Noticee in one contract, viz., 'UNIT15APR18.00PE' during the IP as follows:
 - (a) While dealing in the said contract on April 29, 2015, at 14:33:31:59 hours, Noticee entered into a buy trade with counterparty 'Dabriwal Investment & Financiers Pvt. Ltd.' for 72,000 units at ₹1.8/- per unit. At 14:35:41:94 hours, Noticee entered into a sell trade with the same counterparty for 72,000 units at ₹2.8/- per unit;
 - (b) The Noticee's two trades while dealing in the abovementioned contract during the IP generated artificial volume of 1,44,000 units, which constituted 25.81% of total market volume in the said contract during the IP.
8. The SCN was issued to the Noticee through Speed Post Acknowledgement Due (hereinafter referred to as "**SPAD**") and the same was served upon the Noticee.
9. Noticee vide reply dated January 13, 2022, *inter alia*, submitted the following:
 - (a) *All the trades were executed on the floor of the exchange with due compliance of all rules and regulations of the exchange and there is nothing amiss in the trades executed by the Noticee. Noticee stated that it did not have any link / nexus / relationship/ dealing/collusion/ arrangement or agreement with counterparty to the trade or with their*



brokers nor any such relationship is established in the SCN. Noticee further stated that its trades in question, were in anonymous order matching system of the exchange wherein it is impossible to know the identity of the counterparties.

- (b) Thus, the matching of trade with same party, if any, is by coincidence and not by design and an investor cannot be held guilty for conduct which is contumacious or dishonest or in complete disregard of law.
- (c) The Option series, in which Noticee traded, met the eligibility criteria of SEBI and were permitted for trading by the BSE.
- (d) The observation regarding the stock option being illiquid, is absolutely and factually not correct.
- (e) All the orders were placed, in keeping with the market depth and the order logs displayed in the anonymous screen. The details of Order Logs and the prevalent demand and supply for the Options has not been provided in the SCN restraining the Noticee from providing a more meaningful rebuttal.
- (f) The alleged matching with the counter parties in part of the total trade, is by coincidence and not by design. It may once again be noted that Noticee is not related or connected in any manner whatsoever with any of the entities mentioned in the SCN. Noticee does not have any link /nexus/ relationship / connection / dealing / collusion/ arrangement or agreement with any of the entities mentioned in the SCN nor has any relationship with these entities established in the SCN
- (g) There was no prior meeting of minds with counterparty to the trade or the broking entities, nor it had any contemporaneous knowledge about any alleged wrong doing.
- (h) Noticee had placed order within the strike prices as fixed by the exchange.
- (i) There was no major movement in price of underlying scrip which itself proves that the trades had no impact on market. Thus, the transactions neither distorted the equilibrium in market nor caused any loss or prejudice to investors at large.
- (j) Derivative market is 'zero-sum game' and thus in each and every case one party will inevitably make profit and counterparty will make loss.
- (k) In the interest of natural justice, and in order to comprehensively defend it, Noticee requested SEBI to produce and provide the entire records / documents in possession of SEBI in the matter, including :
 - i. Copy of the Investigation Report of SEBI based on which the allegations have been leveled in the SCN;
 - ii. Noting of satisfaction recorded by the Hon'ble WTM that it had violated the provisions of law;
 - iii. Details of counterparties to the trades, viz., address, e-mail and contact nos;
 - iv. Details of all trades executed by its alleged counterparties;
 - v. Copy of statements of various persons/entities as referred to in the Order recorded by SEBI in the matter.



10. Vide email dated April 13, 2022, Noticee was provided copy of the investigation report and was advised to make submissions within 14 days of the receipt of the same.

11. Vide letter dated April 25, 2022, Noticee made further submissions to the SCN and *inter alia*, stated as under:

- (a) *The extract (redacted version) of Investigation Report in the matter of Illiquid Stock Option in BSE , provided by SEBI vide email dated April 14, 2022, is clearly irrelevant and does not suggest at all for initiating any proceedings against the Noticee, or issuing any Show Cause Notice to it. It is clearly apparent from the said extract (redacted version) of the Investigation Report that it nowhere contains the name of the Noticee, nor it contains any finding or allegation of any wrong doing by the Noticee.*
- (b) *The alleged trading in option segment constitutes a minuscule of market volume of total alleged non-genuine trades. The total number of the alleged trades were only two which is only 0.000685% of market volume of overall 2,91,643 trades in market. The total qty. of the alleged trades were only 1.44 Lacs which is only 0.000953% of market volume of overall 151096 Lacs traded in market.*
- (c) *Noticee replied upon the Adjudication Order No. order/PB/2021-22/14749 dated January 20, 2022 passed under Section 15-1 of SEBI Act 1992, read with rule 5 of SEBI (PFUTP Rules, 1995) in the case of Ms Neha Sethi, Adjudication Order No Order AKR/RA/2021-22/ 15701, dated March 29, 2022, passed in respect of Sri Arpit Khandelwal and Adjudication order No. Order/AK/JS/2021-22/15364 dated March 14, 2022, passed in respect of Sri Arun Kumar Sinha where fact of the case are similar and identical with facts in the case of the Noticee.*

12. The Post SCN Intimation (hereinafter referred to as “**PSI**”) dated July 29, 2022 issued to Noticee stated that SEBI had introduced a Settlement Scheme, i.e., SEBI Settlement Scheme, 2022 (hereinafter referred to as “**Settlement Scheme 2022**”) in terms of regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”). It further stated that the Settlement Scheme 2022 provided a one-time opportunity to the entities against whom proceedings were initiated and appeals against the said proceedings were pending, to settle the proceedings. The scheme commenced on August 22, 2022 and remained open for a period of 3 months. Later,



the applicable period of the Settlement Scheme 2022 was extended to January 21, 2023 by SEBI. The said PSI was delivered to the Noticee. The Noticee did not avail the Settlement Scheme 2022, therefore, the adjudication proceeding against the Noticee was resumed.

13. Subsequently, vide notice of hearing dated February 24, 2023, Noticee was granted an opportunity of hearing. Noticee, vide email dated March 06, 2023 requested adjournment of the said hearing. Therefore, Noticee was granted another opportunity of hearing vide hearing notice dated March 06, 2023.

14. Vide email dated March 20, 2023, Noticee submitted that all the contentions have already been submitted vide its replies. Therefore, matter may be considered in view of the prayers and contentions submitted earlier. However, in the interest of natural justice, vide hearing notice dated June 07, 2023, Noticee was granted another opportunity to appear for the hearing before the Adjudicating Officer which Noticee failed to avail.

15. A second PSI dated March 06, 2024 was issued to the Noticee, wherein it was stated that SEBI had offered another Settlement Scheme, i.e., SEBI Settlement Scheme, 2024 (hereinafter referred to as "**Settlement Scheme 2024**") in terms of regulation 26 of Settlement Regulations. The applicable period of the scheme was March 11, 2024 to May 10, 2024. Later, the Settlement Scheme 2024 was extended till June 10, 2024 by SEBI vide Public Notice dated May 08, 2024. The second PSI was issued to the Noticee through SPAD and email. It was observed that Noticee did not avail the Settlement Scheme 2022, therefore, the adjudication proceeding against the Noticee was resumed. Vide notice of hearing dated October 10, 2024, Noticee was granted another opportunity of hearing, however, Noticee failed to avail the same.

16. Pursuant to appointment of the undersigned as AO, a final opportunity of hearing was granted to Noticee vide hearing notice dated August 14, 2025. The said hearing



notice issued through SPAD was served upon the Noticee on August 05, 2025. However, Noticee did not avail the said opportunity.

CONSIDERATION OF ISSUES AND FINDINGS

17. I have perused the allegations levelled against the Noticee in the SCN and the material available on record. In the instant matter, the following issues arise for consideration and determination:

- I. Whether the Noticee violated the provisions of regulations 3(a), (b), (c), (d) and 4(1) and 4(2)(a) of PFUTP Regulations?
- II. Do the violations, if any, on part of the Noticee attract monetary penalty under section 15HA of SEBI Act?
- 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?

18. In this regard, it is pertinent to refer to the relevant provisions of PFUTP Regulations which are alleged to have been violated by the Noticee, as under:

“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 recognised 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 recognised 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 recognised stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.”*

“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;”*



19. Before proceeding in the matter, I would like to deal with the preliminary issue raised by Noticee. Noticee has submitted that it was not provided with the data/documents relied upon SEBI. In this regard, I note the vide SCN dated July 30, 2021, Noticee was provided with the details of all the trades of the Noticee and details of all the trades done in the said contract during the investigation period. Noticee in its reply has relied upon the data provided by SEBI. I further note that Noticee was also provided with the relevant extract of the investigation report. I also note that sufficient opportunities were granted to the Noticee to present its case and raise its concerns before the AO, however, Noticee did not avail the same. Therefore, the Noticee cannot claim that Noticee was not provided with the complete documents.

20. It was also argued by the Noticee that there was no warning or observation post the execution of the transactions. Noticee stated that the very fact that BSE and SEBI allowed trading in these contracts shows that its trading in these stocks was bona fide. Noticee further stated that all its trades were subject to regulatory supervision of BSE and SEBI and trades were actually executed at the available strike prices within the price range permitted by the BSE. In this regard, I note that the stock exchange merely provides a platform for carrying out the trades, while the obligation to ensure the genuineness of the trades primarily lies on the Noticee. Further, I observe that it cannot be a coincidence that the Noticee indulged in such a trading pattern wherein positions were getting squared off with a significant difference in contract price during the IP.

Issue No. 1: Whether the Noticee violated the provisions of regulations 3(a), (b), (c), (d) and Regulation 4(1) and 4(2)(a) of PFUTP Regulations?

21. I note that sufficient opportunities have been provided to the Noticee to appear for the hearing. However, it is a matter of record that Noticee failed to appear for personal hearing before the undersigned. Therefore, I am inclined to proceed in the matter on the basis of the reply of the Noticee and the material available on record.



22. I note that it was alleged in the SCN that the Noticee, while dealing in the stock options contract on BSE during the IP, had executed reversal trades which were allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock options contract on BSE. The said reversal trades were alleged to be non-genuine trades as they were not executed in the normal course of trading, lacked basic trading rationale, led to false or misleading appearance of trading in terms of generation of artificial volumes and hence, were deceptive and manipulative.

23. From the documents on record, it is noted that the Noticee was one of the entities who had executed non-genuine reversal trades and created artificial volume of 32,000 units through two trades leading to one reversal trade in one stock options contract during the IP. The summary of trades is given below:

Table No. 2

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 the Noticee in the contract to Noticee's Total volume in the contract	% of Artificial volume generated by the Noticee in the contract to Total volume in the contract
UNIT15APR18.00PE	1.8	72,000	2.8	72,000	100%	25.81%

24. On April 29, 2015, the Noticee, at 14:33:31.585911 hours, entered into a buy trade in a contract, viz., 'UNIT15APR18.00PE' with counterparty 'Dabriwal Investment & Financiers Pvt. Ltd.' for 72,000 units at ₹1.8/- per unit. On the same day, at 14:35:41.943821 hours, Noticee entered into a sell trade of same contract with the same counterparty for 72,000 units at ₹2.8/- per unit. It is noted that the Noticee while dealing in the said contract, executed a total of two trades (1 buy trade and 1 sell trade) with same counterparty, viz., Dabriwal Investment & Financiers Pvt. Ltd.



on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's two trades, while dealing in the aforesaid contract, generated an artificial volume of 1,44,000 units, which made up to 25.81% of total market volume in the said contract during the IP.

25. Noticee in its defence has submitted that impugned trades were executed on the exchange platform of BSE and BSE did not issue and observation for the same. The Noticee further submitted that the trades were executed on anonymous and transparent trading platform of the exchange, no connection between the counterparty and the Noticee had been established, one of key elements of fraud i.e. intention is not alleged in the SCN. Noticee had also contended that it had no knowledge of the counter party.

26. In this connection, I note that the non-genuineness of the transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within a short span of time, the Noticee reversed the position with the same counterparty with significant price difference on the same day. The fact that the transactions in a particular contract were reversed with the same counterparties indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. Since these trades were done in illiquid option contract, there was negligible trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation in prices of the said contract, within a few minutes, is a clear indication that there was pre-determination in the prices by the counterparties while executing the trades. The fact that the transactions in a particular contract were reversed with the same counterparty for the same quantity of units, indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price.

27. It is further noted that direct evidence is not forthcoming in the present matter as regards to meeting of minds or collusion with other entities, *inter alia*, the counterparties or agents/fronts. However, trading behaviour as noted above make



it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level. Thus, submissions of Noticee is devoid of merits.

28. Noticee, *inter alia*, contended that the derivative market is a zero-sum game and thus, in each and every case one party will inevitably make a profit and the counterparty will make a loss. I note that the trades executed by Noticee in the contracts were reversal trades, in which the buy and sell orders were executed with substantial differences without any trading strategy. The trading pattern shows perfect matching of price, quantity and time. In my view, such matching of orders is too much of a coincidence. In this regard, considering the same in toto along with attending circumstances, it is discernible that the aforesaid reversal trades were non-genuine. Therefore, I note that the aforesaid contentions of the Noticee are without any merit.

29. I note that it cannot be a mere coincidence that the Noticee could match its trades with the same counterparty with whom it had undertaken first leg of the respective trades. It is further noted that direct evidence is not forthcoming in the present matter as regards to meeting of minds or collusion with other entities, *inter alia*, the counterparties or agents/fronts. However, trading behaviour as noted above makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level.

30. In this regard, reference is drawn to the judgement of Hon'ble Supreme Court in the matter of *SEBI v. Kishore R Ajmera* (AIR 2016 SC 1079), wherein it was held that:

"...According to us, knowledge of who the 2nd party / client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naïve to rest the final conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming...in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive.



It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion.”

31. Therefore, applying the ratio of the above judgment, it is observed that the execution of trades by the Noticee in the options segment with such precision in terms of order placement, time, price, quantity, etc., and also the fact that the transactions were reversed with the same counterparty clearly indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. The only reason for the wide variation in prices of the same contract, within few seconds was a clear indication that there was pre-determination in the prices by the counterparties when executing the trades. Thus, the nature of trading, as brought out above, clearly indicates an element of prior meeting of minds and therefore, a collusion of the Noticee with its counterparty to carry out the trades at pre-determined prices.

32. It is also relevant to refer to judgement of the Hon'ble SAT in the matter of *Ketan Parekh v. SEBI*¹, wherein it was held that:

“In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4 (a) of the Regulations.”

33. In this regard, further reliance is placed on judgment of Hon'ble Supreme Court in the matter of *SEBI v. Rakhi Trading Private Limited*, decided on February 8, 2018 on similar factual circumstances, which, *inter alia*, stated as under:

¹ Ibid.



“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...”

34. Noticee has relied upon the SEBI order dated January 20, 2022 in the matter of Neha Sethi wherein the Noticee was let off as no connection was found. I have perused the said order. The time difference in the order placed by the Noticee and the counterparty was almost a minute. However, in the present matter, the orders were placed by the Noticee and the counterparty with the time difference of nano seconds with matching quantities, which in my opinion depicts the meeting of minds. Thus, I find the reliance of Noticee on the aforesaid order misplaced.
35. Noticee has further relied upon the SEBI order dated March 29, 2022 in respect of Mr. Arpit Khadelwal. I note from the said order that the Noticee was granted a benefit of doubt on the account that the order quantity was different and there was a substantial time gap between the buy order time and the sell order time. Therefore, it was held that the trades cannot conclusively prove that the Noticee had indulged in reversal trades with its counterparty in the stock options segment of BSE with prior meeting of mind and that the trades were non-genuine trades. However, in the present matter, the order quantity placed by the Noticee and the counterparty was same with the time difference of nano seconds with matching quantities. Therefore, the reliance placed on the said order by the Noticee is misconceived.
36. Further reliance is placed by the Noticee on SEBI order dated March 14, 2022 in the matter of Arun Kumar Sinha. I note from the said order that there a price difference between the order rate and counter party order rate. Further, the difference in placing the said order was more than an hour. However, the present case there was no difference in the order rate and the counter party order rate. Further, as discussed



in prepares, the time difference in the two orders was nano seconds with matching quantities. Therefore, I find the reliance of Noticee on the aforesaid order misplaced.

37. Therefore, the trading behaviour of the Noticee confirms that such trades were not normal, indicating that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in respective contract. In view of the above, I find that the allegation of violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations by the Noticee stands established.

Issue No. 2: Do the violations, if any, on part of the Noticee attract monetary penalty under section 15HA of SEBI Act?

38. In the findings made in foregoing paragraphs, it has been established that the Noticee executed non-genuine reversal trades, which created false and misleading appearance of trading, thereby generated artificial volumes in the stock options segment of BSE during the IP, therefore, Noticee violated the provisions of regulations 3(a), (b), (c) and (d) and regulation 4(1) and 4(2)(a) of the PFUTP Regulations.

39. Therefore, considering the above findings and the judgement of Hon'ble Supreme Court in the matter of *SEBI v. Shriram Mutual Fund [2006] 68 SCL 216 (SC)* decided on May 23, 2006, wherein it was 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. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not."*, I am convinced that it is a fit case for imposition of monetary penalty under the provisions of section 15HA of SEBI Act, which reads as under:



“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.”

Issue No. 3: 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?

40. While determining the quantum of penalty under section 15HA of the SEBI Act, the following factors as stipulated in section 15J of the SEBI Act are taken into account-

“Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.”*

41. As established above, the trades by the Noticee were non-genuine in nature and created a misleading appearance of trading in the aforesaid contract. I note that when the impact of artificial volume created by the two counterparties is seen as a whole, it is not possible, from the material on record, to quantify the amount of disproportionate gain or unfair advantage resulting from the artificial trades between the counterparties or the consequent loss caused to investors as a result of the default. Further, the material available on record does not demonstrate any repetitive default on the part of the Noticee. However, considering that the two non-genuine trades entered by the Noticee in one options contract led to creation of artificial volumes which had the effect of distorting the market mechanism in the stock options segment of BSE, I find that the aforesaid violations were detrimental to the integrity of securities market, which should be dealt with suitable penalty.



ORDER

42. Taking into account the facts and circumstances of the case, material available on record, findings hereinabove and factors mentioned in section 15J of the SEBI Act, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose monetary penalty of ₹5,00,000/- (Rupees Five Lakh only) on the Noticee (Shilush Trading Pvt. Ltd.) under section 15HA of SEBI Act for the violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations. I am of the view that the said penalty is commensurate with the violations committed by Noticee.

43. The Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order by following the path at SEBI website www.sebi.gov.in:

ENFORCEMENT >Orders >Orders of AO> PAYNOW;

44. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

45. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to the Noticee and to SEBI.

Place: Mumbai
Date: February 13, 2026

JAI SEBASTIAN
ADJUDICATING OFFICER