



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./ Email

DEEPTI AGRAWAL
GENERAL MANAGER
Email: deeptiv@sebi.gov.in

IMD/DOF-9/ADJ/DA/OW/P/2021/20545/1

August 24, 2021

**ENARZIER COMMERCE PRIVATE
LIMITED**

[PAN: AAACE5701B]

29A Rabindra Sarani 4th Floor, Room No.

9, Lal Bazar, Kolkata

West Bengal 700073

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Subject: Adjudication Proceedings in respect of Enarzier Commerce Private Limited in the matter of dealings in Illiquid Stock Options at BSE: Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

1. Securities and Exchange Board of India (hereinafter, referred to as “SEBI”) has initiated adjudication proceedings in respect of Enarzier Commerce Private Limited (hereinafter, referred to as “Noticee”), bearing PAN – AAACE5701B, for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter, referred to as “PFUTP Regulations, 2003”), in the matter of trading in illiquid stock options on the Bombay Stock Exchange Ltd. (hereinafter, referred to as “BSE”).
2. The undersigned was appointed as Adjudicating Officer vide order dated April 30, 2021 and communicated vide order dated June 28, 2021, to enquire into and adjudge under Section 15 HA of the Securities and Exchange Board of India Act, 1992 (hereinafter, referred to as the “SEBI Act”), the alleged violations by the Noticee. A copy of the communiqué dated June 28, 2021 appointing the undersigned as Adjudicating Officer is placed at Annexure A.



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

दूरभाष : 2644 9950 / 4045 9950 (आई.बी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



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3. As part of ongoing surveillance, SEBI came across large scale reversal of trades in Stock Options segment of the BSE. Subsequently, SEBI conducted an investigation into the trading activity in illiquid Stock Options at BSE (hereinafter, referred to as "**investigation**") for the period between April 01, 2014 to September 30, 2015 (hereinafter, referred to as "**Investigation Period**").
4. Pursuant to investigation, it was observed that during the investigation period, a total of 2,91,744 trades comprising 81.40% of all the trades executed in BSE Stock Options segment were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract. The reversal trades involved squaring off transactions, but with significant difference in the sell value and buy value of the transactions. The aforesaid reversal trades allegedly resulted into generation of artificial volumes.
5. The Noticee was one of the entities which indulged in reversal trades which allegedly created false and misleading appearance of trading, generating artificial volumes in the Stock Options Segment of BSE during the investigation period. The Noticee is alleged to have engaged in reversal trades through 2 trades in 1 unique contract, which led to generation of alleged artificial volume of 5880000 units. These trades of the Noticee involved reversal with the same counterparty on the same day, but at different prices. Details of all the trades (which were also reversal trades in nature) of Noticee in Stock Options segment of BSE during the investigation period are given in **Annexure B**. An analysis of dealings of the Noticee in 1 Stock Option contract in which the said Noticee allegedly executed reversal trades during the investigation period is given in **Annexure C**.
6. The trades entered by the Noticee were reversed on the same day with same counterparty at a substantial price difference without any basis for significant change in the contract price which indicates that these trades are artificial and are non- genuine in nature.
7. A summary of dealings of Noticee in 1 Stock Options contract in which the said Noticee allegedly executed reversal trades during the investigation period, is as follows:-





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Summary of dealings in contracts wherein the Noticee executed reversal trades

S. No.	Contract Name	Avg. Buy Rate (in Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (in Rs.)	Total Sell Volume (no. of units)	% of Artificial Volume generated by Noticee in the contract to Total Volume in the Contract	% of Artificial Volume generated by Noticee in the contract to Total Volume in the Contract
	DISH15MAR95.00CEW3	1.4	2940000	0.15	2940000	100 %	70.61 %

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

8. The abovementioned reversal trades and volumes are illustrated through the dealings of Noticee in the one contract viz, "DISH15MAR95.00CEW3" during the investigation period, as follows:-

(a) During the investigation period, 2 trades for 5880000 units were executed by the Noticee in the said contract on March 16, 2015.

(b) While dealing in the said contract on March 16, 2015, at 13:55:57.92 hrs, the Noticee entered into a buy trade with counterparty Shree Hanuman Loha Limited for 2940000 units at ₹1.4 per unit. At 14:25:39.89 hrs, the Noticee entered into a sell trade with the same counterparty, for 2940000 units at ₹0.15 per unit.

(c) The Noticee's two trades while dealing in the abovesaid contract during the investigation period allegedly generated artificial volume of 5880000 units, which made up 70.61 % of total market volume in the said contract during this period.

9. In view of the foregoing, it is alleged that Noticee, by indulging in execution of non-genuine reversal of trades in Stock Option with same entities on the same day, created false and misleading appearance of trading in stock options and therefore allegedly violated Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations, 2003.

10. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act.

11. You are, therefore, called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing





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Penalties) Rules, 1995 read with section 15 I of the SEBI Act, and why penalty should not be imposed section 15HA of the SEBI Act.

12. Your reply, if any, should reach the undersigned or through email at deeptiv@sebi.gov.in and yogeshc@sebi.gov.in within 14 days from the date of receipt of this Notice, failing which it shall be presumed that you have no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of sub-rule (7) of Rule (4) of the Adjudication Rules. You may also indicate whether you desire a personal hearing in the matter.
13. Further, you are required to keep the undersigned informed about the change in your correspondence address, if any, till the conclusion of the proceedings. You are also required to submit a photocopy of your PAN card and contact details viz. Telephone numbers / Fax numbers / e-mail IDs and details of contact persons for records.
14. The Noticee may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulation, 2018. If the Noticee wishes to opt for the settlement process, the Noticee may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned. Further, the Noticee may note that filing of settlement application does not confer any right to seek the settlement of the proceedings.


DEEPTI AGRAWAL
ADJUDICATING OFFICER

Enclosures: Documents relied upon are as follows:-

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communique dated June 28, 2021 appointing Adjudicating Officer	3
B	Integrated trade log of all trades of Noticee in Stock Option segment of BSE during the investigation period i.e, April 1, 2014 to September 30, 2015	1
C	Summary of dealings of Noticee in 1 Stock Option contract in which Noticee allegedly executed reversal trades during the investigation period	1

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

1. Whereas, Securities and Exchange Board of India (SEBI) has conducted examination trading in option on individual stocks listed on Bombay Stock Exchange for possible violation of the provisions of the securities and Exchange Board of India Act, 1992 (hereinafter referred to as the 'SEBI Act') and various Rules and Regulations made there under.
2. Whereas, the Competent Authority is *prima facie* of the view that there are grounds to adjudicate upon the alleged violations of provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003 by certain entities.
3. The Competent Authority has, therefore, in exercise of the powers conferred upon her under Section 19 of the SEBI Act read with Section 15 I(1) of the SEBI Act and Rule 3 of securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("hereinafter referred as the 'SEBI Rules') read with section 19 of the SEBI Act appointed certain Division Chiefs as Adjudicating Officers vide Order dated April 30, 2021 to enquire into and adjudge under Sections 15HA SEBI Act the alleged violations by the entities.
4. The list of the entities against whom adjudication is approved and the names of the respective Adjudicating Officers who are appointed to adjudicate against these entities is enclosed as Annexure.
5. The said proceedings of appointment are hereby being communicated to the Adjudicating Officers who shall conduct the Adjudication Proceedings in the manner specified under Rule 4 of the of the SEBI Rules read with sub-section (1) and (2) of Section 15 I of SEBI Act. The Adjudicating Officers shall enquire



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into and adjudicate upon the alleged violation as stated above and if the Adjudicating Officers are satisfied that the entities have become liable to penalty, may impose penalty, as they think fit, in terms of Rule 5 of the SEBI Rules and provisions of Sections 15 HA of the SEBI Act.

Dated at Mumbai, this 28th day of June 2021.

Bhavana - R.K

**BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA**



SECURITIES AND EXCHANGE BOARD OF INDIA
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into and adjudicate upon the alleged violation as stated above and if the Adjudicating Officers are satisfied that the entities have become liable to penalty, may impose penalty, as they think fit, in terms of Rule 5 of the SEBI Rules and provisions of Sections 15 HA of the SEBI Act.

Dated at Mumbai, this 28th day of June 2021.

Bhavana - R.K

**BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA**



S. No.	Case ID	PAN Number	Entity Name	AO Name
154	210005854	AAACE5701B	ENARZIER COMMERCE PRIVATE LIMITED	Deepti Agrawal



BRN

ANNEXURE - B

TRADE_DATE	SCIPCODE	chd_ssn	chd_name	cp_ssn	cp_name	ORDER_NO	CP_ORDE R_NO	TRADEID	ORDER_TIME	CP_ORDE R_TIME	TRADE_TIME	TRADE_DATE	LTP_RATE	LTP_BRT	LTP_PRC	TRADE_V ALUE	ORDER_V ATE	CP_ORDE R_RATE	ORDER_LIT P	CP_ORDE R_LITP	TRADE_Q TY	ORDER_Q TY	CP_ORDE R_CITY	MEMBER NAME	CP_MEM BER_NAME	OTRDEL_T YPE	CP_ORDE R_TYPE	SCRIPNA ME	EXPIRY	STRIKEPR ICE
16/03/2015	847686	AAACN55 1B	SHREE HANUMAN COMMERCE PRIVATE LIMITED	AAACN55 05H	SHREE HANUMAN LOHA LIMITED	14264792 70295012 002	14264792 70295012 001	11109 923504	13:55:57 309577	13:55:57 309577	13:55:57 923504	1.4	0	0	0	28341600	1.4	1.4	1.4	80000	2940000	2940000	2940000	LALIT KUMAR TULSHYA LIMITED	BASAN EQUITY BROKING LIMITED	L	L	DISHISM AR95.00C EW9	2015-03- 19	9500
16/03/2015	847686	AAACN55 05H	SHREE HANUMAN LOHA LIMITED	AAACN55 1B	ENARZIEN COMMERCE PRIVATE LIMITED	14264792 70295012 003	14264792 70295012 004	12846 188743	14:25:39 890411	14:25:39 890411	14:25:39 890411	0.15	-1.25	-48.29	0	27974100	0.15	0.15	1.4	0.15	2940000	2940000	2940000	BASAN EQUITY BROKING LIMITED	LALIT KUMAR TULSHYA LIMITED	L	L	DISHISM AR95.00C EW9	2015-03- 19	9500



ANNEXURE - C

PAN	SCRIPNAME	Wt Avg Buy rate(in ₹)	Buy Quantity	Buy Value (in ₹)	Wt Avg Self rate(in ₹)	Sell Quantity	Sell Value (in ₹)	Number of reversal trades executed by Entity in the Contract	Total number of trades executed by the Entity in the Contract	Total number of trades executed in the Contract	Total volume generated by Entity in the Contract	Total volume in the Contract	% of reversal trades of Entity in the Contract to Entity's Total trades in the Contract	% of reversal trades of Entity in the Contract to Total trades in the Contract	% of Artificial Volume generated by Entity in the Contract to Entity's Total Volume in the Contract	% of Artificial Volume generated by Entity in the Contract to Total Volume in the Contract
AAACE5701B	DISH15MAR95.00CEW3	1.4	2940000	4116000	0.15	2940000	441000	2	2	8	5880000	8328000	100	25	100	70.61

