



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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By Speed Post A.D.

GENERAL MANAGER &
ADJUDICATING OFFICER

OIAE/IAD/JJ/PBR/ 31947/2021
November 8, 2021

Ms. ANJU AGARWAL [PAN: ACRPA9417G]
ACTIVE ACRES, TOWER 3B,
FLAT-4G 5410,
D.C. DEY ROAD,
KOLKATA,
WEST BENGAL -700015
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9199039150

Subject: Adjudication Proceedings in respect of Ms. Anju Agarwal in the matter of dealings in 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 Ms. Anju Agarwal hereinafter, referred to as "Noticee", bearing PAN No.- ACRPA9417G, 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
2. The undersigned was appointed as Adjudicating Officer vide order dated April 30, 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 September 27, 2021 appointing the undersigned as Adjudicating Officer is placed at **Annexure -**

A.

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

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 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), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : 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 Stock Options at BSE (hereinafter, referred to as "investigation") for the period between April 1, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period") and observed that majority of volume generated in BSE's stock option segment was artificial volume which was created by execution of reversal trades.
4. Reversal trades are considered non-genuine trades if it involves an entity reversing its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. Artificial volume is considered as the volume (no. of units) so reversed in non-genuine trades, comprising both original volume and reversed volume.
5. Pursuant to investigation, it was observed that during the investigation period, a total of 2,91,744 trades comprising 81.41% 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.
6. 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 1 such reversal trades in 1 unique contract, which led to generation of alleged artificial volume of 13,000 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 of Noticee (which were all reversed) in Stock Options segment of BSE during the investigation period are given in **Annexure B**.
7. A summary of dealings of Noticee in one Stock Options contracts 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 (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
1.	YESB15APR720.00CEW1	58.50	6500	104.65	6500	100%	23.21%

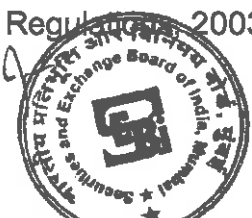
Note: "Unit" refers to lot size in contract multiplied by number of contracts traded.

8. From the trades executed by the Noticee in the contract of "YESB15APR720.00CEW1", it is observed that:

(a) While dealing in the said contract on 30/03/2015, at 12:47:56.36 hrs. the Noticee entered into a buy trade with counterparty Raj Kapoor for 6500 units at Rs.58.50 per unit, which was reversed by a sell trade at 12:53:13:04 hrs with the same counterparty for 6500 units at Rs. 104.65 per unit.

(b) The Noticee's two trades while dealing in the above said contract during the investigation period allegedly generated artificial volume of 13000 units, which made up 23.21% of total market volume (56000) in the said contract during this period. Hence, it is alleged the two trades Noticee executed for a total volume of 13000 units are artificial and non-genuine in nature.

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





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10. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under section 15HA of the SEBI Act.
11. The Noticee, is 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 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 jenyj@sebi.gov.in and braja@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, the notice is 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.


JENY JOHN
ADJUDICATING OFFICER







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Enclosures: Documents relied upon are as follows:

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communique dated September 27, 2021 appointing Adjudicating Officer	2
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	2

