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भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D.

GENERAL MANAGER &
ADJUDICATING OFFICER

SEBI/TVD-8/SCN/AO-SS/PH/2021/0000034146/1

November 25, 2021

DIWAKAR JHA (PAN: ADWPJ4692G)
59, KALI CHARAN GHOSH ROAD,
FLAT-K-102, BINAYAK ENCLAVE-KD,
KOLKATA, WEST BENGAL - 700 050
Contact : 9830444037

Subject: Adjudication Proceedings in respect of Diwakar Jha 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 by Adjudicating Officer) Rules, 1995

1. Securities and Exchange Board of India (hereinafter, referred to as "SEBI") has initiated adjudication proceedings in respect of Diwakar Jha (hereinafter, referred to as "Noticee"), bearing PAN – ADWPJ4692G, 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. ("BSE").
2. The undersigned was appointed as Adjudicating Officer vide order dated July 06, 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 July 06, 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



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
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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 1, 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 81.38% 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 1 such reversal trade through 2 non-genuine trades in 1 unique contract, which led to generation of alleged artificial volume of 1,50,000 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 in Stock Options segment of BSE including reversal trades 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 Option contract in which the said Noticee allegedly executed reversal trade during the investigation period, is as follows:-





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
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Board of India

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	CENT15APR580.00PE	8	75,000	10	75,000	100%	49.5%

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

8. The abovementioned reversal trade and volumes are illustrated through the dealings of Noticee in one contract viz, "CENT15APR580.00PE" during the investigation period, as follows:-
 - (a) During the investigation period, 2 trades for 75,000 units each were executed by the Noticee in the said contract on 31/03/2015.
 - (b) While dealing in the said contract on 31/03/2015, at 12:30:15.239706 hrs, the Noticee entered into a Buy trade with counterparty Thakker Vipulkumar Ishwerlal HUF for 75,000 units at Rs. 8 per unit. At 12:30:17.318824 hrs, the Noticee entered into a Sell trade with the same counterparty for 75,000 units at Rs. 10 per unit.
 - (c) The Noticee's two trades while dealing in the above said contract during the investigation period allegedly generated artificial volume of 1,50,000 units, which made up 49.50% of total market volume in the said contract during this period.
9. In view of the foregoing, it is alleged that the Noticee, by indulging in execution of non-genuine reversal of trades in Stock Options with same entity on the same day, created false and misleading appearance of trading in stock options and therefore, allegedly violated Regulations 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.





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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 Penalties by Adjudicating Officer) Rules, 1995 read with section 15 I of the SEBI Act, and why penalty should not be imposed under section 15HA of the SEBI Act.
12. Your reply, if any, should reach the undersigned or through email at sanjayg@sebi.gov.in and poonamh@sebi.gov.in within 21 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.


25/11/2021

SANJAY SARWADE
ADJUDICATING OFFICER



Enclosures: Documents relied upon are as follows:-

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communique dated July 06, 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	3
C	Summary of dealings of Noticee in 1 Stock Options contract in which Noticee allegedly executed reversal trades during the investigation period	1


25/11

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 to as the 'SEBI Rules'") read with section 19 of the SEBI Act appointed certain Division Chiefs as Adjudicating Officers vide Order dated July 02, 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 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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Pg 1 of 3



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.

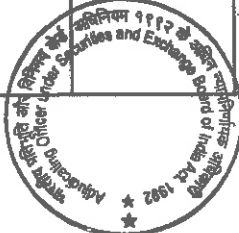
Dated at Mumbai, this 6th day of July 2021.

Bhavana R.V.
BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA



Dr.

S. No.	Case ID	Case Name	PAN Number	Entity Name	AO Name
484	210018196	ISO at BSE-DIVYEN DOSHI	BDYPD0410P	DIVYEN DOSHI	Sanjay G. Sarwade
485	210007690	ISO at BSE-DIVYESH P SHAH HUF	AACHD1750Q	DIVYESH P SHAH HUF	Sanjay G. Sarwade
486	210014531	ISO at BSE-DIWAKAR JHA	ADWPJ4692G	DIWAKAR JHA	Sanjay G. Sarwade
487	210012890	ISO at BSE-DIWALIBAI BABULAL VARDHAN	ABPPV3538G	DIWALIBAI BABULAL VARDHAN	Sanjay G. Sarwade
488	210018954	ISO at BSE-DIWAS SARAF	FLNPS5915R	DIWAS SARAF	Sanjay G. Sarwade
489	210015119	ISO at BSE-DOLLY AGRAWAL	AFBPA6670E	DOLLY AGRAWAL	Sanjay G. Sarwade
490	210014323	ISO at BSE-DRAPADI DEVI GADODIA	ADPPG3062L	DRAPADI DEVI GADODIA	Sanjay G. Sarwade
491	210008065	ISO at BSE-DREAMSTONE JEWELS PRIVATE LIMITED	AADCD4353K	DREAMSTONE JEWELS PRIVATE LIMITED	Sanjay G. Sarwade
492	210017297	ISO at BSE-DRISHIKA DARUKA	AOWPD5759B	DRISHIKA DARUKA	Sanjay G. Sarwade
493	210016507	ISO at BSE-DROUPADI DEVI JALAN	AJJPJ8257C	DROUPADI DEVI JALAN	Sanjay G. Sarwade
494	210014429	ISO at BSE-DULARI DEVI GUPTA	ADTPG6635P	DULARI DEVI GUPTA	Sanjay G. Sarwade
495	210017961	ISO at BSE-DULARI DEVI KEDIA	AXZPK7742B	DULARI DEVI KEDIA	Sanjay G. Sarwade
496	210014823	ISO at BSE-DULI CHAND MANOT	AEKPM9914R	DULI CHAND MANOT	Sanjay G. Sarwade
497	210006515	ISO at BSE-DUMRAON TEXTILES LIMITED	AABCD0108N	DUMRAON TEXTILES LIMITED	Sanjay G. Sarwade
498	210014674	ISO at BSE-DURGA DEVI GUPTA	AECPG2989N	DURGA DEVI GUPTA	Sanjay G. Sarwade
499	210016481	ISO at BSE-DURGA DEVI SARAFF	AJGPS3106E	DURGA DEVI SARAFF	Sanjay G. Sarwade
500	210012933	ISO at BSE-DURGA DEVI TOSHNIWAL	ABRPT2273N	DURGA DEVI TOSHNIWAL	Sanjay G. Sarwade
501	210006537	ISO at BSE-ERC REALTORS PRIVATE LIMITED	AABCE5906H	ERC REALTORS PRIVATE LIMITED	Deepti Agrawal
502	210016621	ISO at BSE-ESHA SHAH	AKAPM7874J	ESHA SHAH	Deepti Agrawal
503	210018028	ISO at BSE-ESHANI JAIN	AZOPJ1884G	ESHANI JAIN	Deepti Agrawal
504	210005850	ISO at BSE-ESQUIRE PROJECTS PRIVATE LIMITED	AAACE5520A	ESQUIRE PROJECTS PRIVATE LIMITED	Deepti Agrawal



S. No.	TRADE_DATE	SCRIP_CODE	clnt_pan	clnt_name	cp_pan	cp_name	ORDER_NO	CP_ORDER_NO	TRADE_ID	ORDER_TIME	CP_ORDER_TIME	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE
140717	31/03/2015	830657	ADWPJ4692G	DIWAKAR JHA	AAAHT4772J	THAKKER VIPULKUMAR ISHWERLAL HUF	14277799082 15001012	1427779908 215001013	6900	12:30:15.218713	12:30:15.239706	12:30:15.239706	12:30:15.218713	12:30:15.239706	8
140721	31/03/2015	830657	AAAHT4772J	THAKKER VIPULKUMAR ISHWERLAL HUF	ADWPJ4692G	DIWAKAR JHA	14277799082 15001014	1427779908 215001015	8841	12:30:17.239869	12:30:17.318824	12:30:17.318824	12:30:17.239869	12:30:17.318824	10



10

ANNEXURE - B

LTP_RATE	LTP_PER_CENT	TRADE_VALUE	ORDER_RATE	CP_ORDER_RATE	ORDER_LMRATE	CP_ORDER_LMRATE	TRADED_QTY	ORDER_QTY	CP_ORDER_QTY	ORDER_VLQTY	CP_ORDER_VLQTY	ORDER_R_LMQTY	CP_ORDER_R_LMQTY	MEMBER_NO	MEMBER_NAME	OLD_CLIENT	MODIFIED_CLIENT	CP_MEMBER_NO	CP_MEMBER_NAME	CP_ORDER_CLIENT
7.0	700.0	44100000.0	8.0	8.0	8.0	8.0	75000	75000	75000	75000	75000	75000	75000	6587	CONCORD VINIMAY PVT. LTD.		D015	6551	GIRIRAJ STOCK BROKING PVT. LTD.	
-5.0	-33.33	44250000.0	10.0	10.0	10.0	10.0	75000	75000	75000	75000	75000	75000	75000	6587	GIRIRAJ STOCK BROKING PVT. LTD.		T050	6587	CONCORD VINIMAY PVT. LTD.	



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CP_MODIFIED_CLIENT	TERMINAL ID	USER_NAME	LOCATION_ADDRESS	CP_TERM_INALID	CP_USER_NAME	CP_LOCATION_ADDRESS	ORDER_AUD	CP_ORD_ER_AUD	ORDER_TYPE	CP_ORD_ER_TYPE	LOCATION_ID	CP_LOCATION_ID	SCRIP NAME	EXPIRY	STRIKE PRICE	SERIES	MKT_TYPE	ISIN_NO	qty
			21 HEMANTA BASU SARANI CENTRE POINT ROOM NO 230 2ND FLOOR KOLKATA WEST BENGAL 700001			190, JAMUNA LAL BAJAJ STREET KOLKATA WEST BENGAL 700007	A	A	L	L	7000010001 001012	700007000100 1012	CENT15APRS 80.00PE	2015-04-30	580000.0	EQD	N		75000
T050	902	AMIT JAJODIA		902	Vinay Jajodia	21 HEMANTA BASU SARANI CENTRE POINT ROOM NO 230 2ND FLOOR KOLKATA WEST BENGAL 700001	A	A	L	L	7000070001 001012	700001000100 1012	CENT15APRS 80.00PE	2015-04-30	580000.0	EQD	N		75000
D015	902	Vinay Jajodia	190, JAMUNA LAL BAJAJ STREET KOLKATA WEST BENGAL 700007	902	AMIT JAJODIA		A	A	L	L	7000070001 001012	700001000100 1012	CENT15APRS 80.00PE	2015-04-30	580000.0	EQD	N		75000



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ANNEXURE - C

Index	clnt_pan	scripname	buy_quant ity	buy_value	avg_buy _rate	sell_qty	sell_value	avg_sell_r ate	non_gen trnx_entit y_conrtct	total_trd entity_co ntrct	total_no_ of_trades _of_the_c ntrct	art_vol_g en_entity _in_the_c ntrct	total_vol_ gen_by_e ntity_in_t he_cntrct	total_vol_ in_the_co ntrct	prcnt_of_n on_gen_trd s_entity_to tal_trds_in _cntrct_ent ity	prcnt_of_n on_gen_trd s_entity_to tal_trds_in _cntrct	prcnt_of_art vol_gen_entit y_cntrct_total _vol_gen_by_ entity_in_ent rct	prcnt_of_ar t_vol_gen_ entity_cntrc t_total_vol_ in_cntrct
0	ADWPI4692G	CENT15APR580.00PE	75000	600000	8	75000	750000	10	2	2	8	150000	150000	303000	100	25	100	49.5

Pg 1 of 1



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