BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/RG/NM/2021-22/14719/3)

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

Shri Ankit Katiyar HUF

PAN: AAOHA2687P

In the matter of dealings in Illiquid Stock Options at the BSE

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as **SEBI**) conducted investigation into the trading activity in illiquid stock options on BSE Limited (hereinafter referred to as **BSE**) for the period April 01, 2014 to September 30, 2015 (hereinafter referred to as **Investigation Period/IP**) after observing large scale reversal of trades in the Stock Options segment of the BSE.

2. Pursuant to investigation, it was observed that during the Investigation period total of 2,91,744 trades comprising substantial 81.41% of all the trades executed in stock options segment of BSE were non genuine trades. The aforesaid non genuine trades resulted into creation of artificial volume to the tune of 826.21 crore units or 54.68% of the total market volume in stock options segment of BSE during the IP. It was observed that Shri Ankit Katiyar HUF (hereinafter referred to as **Noticee**) was one of the various entities who indulged in execution of reversal trades in stock options segment of BSE during the IP. Such trades were observed to be non-genuine in nature and created false and misleading appearance of trading in terms of artificial volumes in stock options segment and therefore were alleged to be manipulative, deceptive in nature. 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) Regulations, 2003 (hereinafter referred to as **PFUTP Regulations, 2003**).

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed the undersigned as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **SEBI Act, 1992**) read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **Adjudication Rules, 1995**) vide order dated July 02, 2021 to inquire into and adjudge under Section 15HA of the SEBI Act, 1992 against the Noticee for the alleged violation of aforesaid provisions of PFUTP Regulations, 2003. The appointment of the AO was communicated vide communique dated July 06, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice having reference no. AO/RG/NKM/OW/P/19324/1/2021 dated August 13, 2021 (hereinafter referred to as **SCN**) was served upon the Noticee under rule 4(1) of the Adjudication Rules, 1995 to show cause as to why an inquiry should not be held and penalty be not imposed against the Noticee under Section 15HA of the SEBI Act, 1992 for the alleged violation of the provisions of Regulation 3(a),(b),(c),(d) and 4(1), 4(2)(a) of the PFUTP Regulations, 2003.

5. It was inter alia alleged in the SCN that the Noticee was one of the various entities which indulged in reversal trades which allegedly created false and misleading appearance of trading, generating artificial volumes in Stock Options segment of the BSE during the Investigation Period. Out of the total four trades for 1,20,000 units executed in the contract viz. PIDI15SEP540.00PE, the Noticee had executed 2 non genuine trades (1 buy trade + 1 sell trade) in the aforesaid contract on July 20, 2015 with same counterparty viz, J.B.Overseas on the same day and with significant price differential in buy and sell rate, which resulted in artificial volume of 60,000

units. Summary of dealings of the Noticee in the Stock Option contract, in which the Noticee allegedly executed non genuine trades during the IP are as follows:

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 Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Noticee in the contract to Total trades in the Contract	% 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	PIDI15SEP540.00PE	5.75	30,000	12.00	30,000	100%	50%	100%	50%

6. From the above table, following is noted as regards to dealings of Noticee in the contract "PIDI15SEP540.00PE":
    a) Noticee had executed alleged non-genuine trades in the above contract, wherein 100% trades were non-genuine trades.
    b) No. of non-genuine trades of Noticee significantly contributed to the total no. of trades from the market in the above contract, as a substantial 50% of the trades happened in aforementioned contract were due to alleged non-genuine trades executed by the Noticee.
    c) A substantial 50% of volume generated by the Noticee in the above contract was artificial volume.
    d) Alleged non-genuine trades executed by Noticee in above contracts had significant differential in buy rates and sell rates considering that the trades were reversed on same day.
7. By indulging in execution of aforesaid non-genuine reversal trades, the Noticee was alleged to have violated the provisions of Regulation 3(a),(b),(c),(d) and 4(1), 4(2)(a) of the PFUTP Regulations, 2003.

8. The SCN was served to the Noticee via Speed Post Acknowledgement Due (SPAD) and via email dated August 13, 2021. Vide letter dated August 28, 2021, Noticee replied that a detailed reply is being prepared and shall be filed. Also, the Noticee in its reply informed that he has not indulged in any such transactions which are prohibited by SEBI. Vide hearing notice dated

September 29, 2021, an opportunity of hearing was granted to the Noticee on October 20, 2021 through video conferencing due to Covid-19 pandemic and also Noticee was advised to submit his reply by October 14, 2021 to the SCN. Noticee vide letters dated October 04, 2021 and October 13, 2021 submitted his reply to the SCN. On the date of the hearing the Authorized Representative (AR) on behalf of the Noticee forwarded the copy of two orders of the Hon'ble Securities Appellate Tribunal (SAT) i.e. in the matter of Almond Entertainment Pvt. Ltd vs. SEBI dated January 21, 2021 and in the matter of Dhavani Darshan Kothari and others vs. SEBI dated June 22, 2016. On the scheduled date of hearing i.e. October 20, 2021, the AR on behalf of the Noticee attended the hearing and reiterated the submissions made earlier by the Noticee vide its letter dated October 04, 2021 and October 13, 2021. The personal hearing in the matter was completed and hearing minutes are on record. Reply of the Noticee is as follows:

At the outset, the Noticee denies and refutes each and every allegation contained in the captioned SCN against the Noticee unless it is specifically admitted by the Noticee in its Reply. Nothing should be deemed as admitted by the Noticee for reason of any non-specific traverse of any allegation contained in the SCN………..

In the captioned SCN, it is further alleged that during investigation it had observed total 2,91,744 Trades comprising substantial 81.40% of all trades executed in Stock Option Segment of BSE during the Investigation Period the Noticee's trades found to be non-genuine. In this connection, it is very pertinent to mention that SEBI itself is disputing the said figure. In couple of Notices issued to various entities by SEBI, SEBI mentioned the total alleged trades were 2,91,643 (81.38%). Please clarify which figure is correct. The Noticee wishes to submit that the Noticee has not been provided any material/ data of total market volume in Stock Option Segment of BSE during the Investigation Period. The Noticee has also not been provided Trade and Order Log for total 2,91,744 Trades comprising 81.41% of all trades executed in Stock Market Segment of BSE during the Investigation Period which The Noticee's 2 trades (1 buy and 1 sell trade) allegedly found to be non- genuine trades. The Noticee, however, refutes that the Noticee had executed any non-genuine trades which resulted into creation of artificial volume.

It is further pertinent to mention that Trades of the Noticee in option segment of BSE were only in well-known Company. All the Trades in option segment of BSE executed by the Noticee on the anonymous screen based trading platform provided by BSE wherein identity of the counter parties remain undisclosed. Hence, the question of any non-genuine trade does not arise at all unless it is proved that such Trades executed by the Noticee in connivance with any counter party. However, the counter party whose name has been disclosed now in the captioned SCN is completely unknown to the Noticee.

The Noticee further wishes to submit that BSE has a sophisticated surveillance system and if there had been any reversal of trade, the system could have alarmed BSE to take corrective measures to restrain any non-genuine trades happening in its trading platform. However, the Noticee has not received any warning or caution letter from BSE for any of the trades executed by the Noticee in its option segment during the period of investigation. Thus, the allegation of execution of noii-genuine trades by the Noticee in option segment of BSE which purportedly resulted into creation of artificial volume is totally farfetched and is based on presumptions, assumptions, surmises and conjectures.

The Noticee further wishes to submit that the Noticee had meticulous track record of trading in the securities market and except the captioned SCN the Noticee has not received even a warning letter prior to the issue of the captioned SCN.

It is further submitted that it is a matter of common knowledge that the option trading platform of the BSE has not been as vibrant as NSE. In such a situation it is just coincidence that the Orders placed by the Noticee might have been matched. However, nowhere in the entire SCN it is alleged that the Noticee had any connection / association / relationship with the counter party. The Noticee has heard the name of the counterparty for the first time after receipt of captioned SCN. In absence of any such connection/ association/ relationship with the counter party to trades of the Noticee (whose name the Noticee has come to know only after receipt of the captioned SCN), it is totally illogical and irrational to allege that trades of the Noticee with the said counter party are non-genuine trades which resulted into creation of any artificial volume.

The Noticee draws your kind attention towards Annexure A i.e. copy of Order communicating appointment of Adjudicating Officer. Vide letter dated 04-10-2021 the Noticee has„ requested to, provide prima facie reason recorded by the Competent Authority. However, the request of the Noticee has been totally overlooked.

It is further submitted that complete material documents in support of the allegation contained in the captioned SCN have not been made available to the Noticee. Hence, the Noticee is not in position to file a proper Reply effectively answering the charges levelled against the Noticee in the Captioned SCN. Moreover, not providing complete materials/ documents to the Noticee is in violation of Principles of Natural Justice.

It is submitted that in Para 3 of the Captioned SCN it is alleged that SEBI had observed large scale of reversal of trades in Stock Options segment of BSE leading to creation of artificial volume. However, it is not made clear as to what constitutes a reversal trade or what the definition of reversal trade is. No document or information has been provided in this regard.

In Para 5 of the SCN, it has been alleged that "...total 2,91,744 trades comprising substantial 81.41% of all the trades executed in Stock Options Segment of BSE were non genuine trades". In this context the Noticee wishes to submit that no material whatsoever has been provided to the Noticee to show such artificial volume of 81.41% of the total trades executed in the BSE Stock Option Trading Segment during the Investigation Period. Thus, the allegation made in this Para of the SCN are vague, bald and devoid of any substance.

It is also submitted that the trades executed by the Noticee in the BSE Stock Option Segment were in the normal course of business devoid of any fraudulent intentions. In the derivative segment, only those stock and indices are permitted which are very liquid and there is a robust risk mitigation mechanism is in place. Since the Noticee had traded in the Options of very well-known Company which has tradable position in the market, there was no reason to doubt credibility of the platform provided by the Exchange as approved by SEBI. The allegation of trades being non-genuine has no basis as your goodself has failed to provide any evidence to prove that there was a misleading appearance created in the market by the trades executed by the Noticee.

In Paras 7 to 10 of the Captioned SCN it is stated that the Noticee had executed trades in 1 Unique Contract, wherein 2 trades (1 buy and 1 sell trades only) of the Noticee were non-genuine trades. The Noticee says and submits that it is beyond the comprehension of the Noticee that how an allegation of fraud can be alleged against the Noticee for execution of mere 1 buy and 1 sell trades. It is very pertinent to state that the said trades were matched with one entity only. In this connection I would like to place reliance on the Adjudication Order dated 24-12-2019 in the matter of Richa Industries Limited wherein Ld. Adjudicating Officer has observed that

"42. The Group entities are also alleged to have indulged in reversal trades for 2,09,716 shares (.'2.61% of the total traded volume), synchronized trades for 17,410 shares (2.61% of the total traded volume) in total IS trades, and structured trades for 2,58,185 (3.22% of the total traded volume)………Hence I find that this is not a fit case for imposition of penalty. "

In the present case, the Noticee is not facing allegation of price manipulation, synchronized trade, self-trade. The Noticee of whatsoever nature with the counterparty to the alleged 1 buy and 1 sell trades of the Noticee. According to the SCN, total artificial volume generated due to alleged 1 buy and 1 sell trades were 60,000 shares/units only. Thus, the ratio laid down by Ld. AO in the aforesaid Order squarely applies in the case of the Noticee.

It is alleged in para 7 (d) of the SCN by referring Annexures enclosed with the SCN that the Noticee had generated 50% of the volume in 1 Unique Contract.

It is submitted that these allegations are merely an eyewash as it does not take into consideration the number of trades and volumes generated in complete Option Segment in BSE in a particular Scrip on a particular day. It may be noted that the stock exchange platform at the relevant point of time gave a choice to write options at various strike prices as per the suitability of the trader. What has been considered in the SCN is only an option with a particular strike price and not the total trading on Option Segment in a particular scrip at the relevant point of time. Thus, the percentages shown in the SCN are misleading and cannot be relied upon.

It is submitted that the alleged 1 buy and 1 sell trades executed by the Noticee have all traits of being genuine and therefore cannot be categorized as non-genuine. These trades were executed on the anonymous platform of the Exchange, without any knowledge of counter party, at price ranges that were permitted by the Exchange / SEBI and the obligations arising out of it have been settled through the clearing mechanism of the Exchange.

It is also submitted that, as none of the acts or trades executed by the Noticee fall under the definition of fraud as provided in regulation 2(1) (c) of PFUTP Regulation, the genuineness of the trades executed by the Noticee cannot be questioned and therefore, the Noticee cannot be alleged to have violated any PFUTP Regulations.

The Noticee draws your attention to the following Judgements passed by the Hon'ble Tribunal in the following matters:

A. *the matter of KSL & Industries Ltd. vs. SEBI (Appeal No. 9 of 2003, Date of decision 30th September, 2003) it was inter alia held that:*

"I do not find any material on record in support of the said charge. A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence is not to be sustained. I fully agree with Shri Khambatta's submission in this regard that allegation of 'fraud' can not survive on mere conjectures and surmises."

B. *In the matter of Vintel Securities Pvt. Ltd. vs. SEBI (Appeal No. 219 of 2009, Date of decision 23rd November, 2009) it was inter alia held that:*

"A serious charge of fraudulent and unfair trade practice has been established against the appellant without even dealing with the trades executed by it. The adjudicating officer has given no reasons…………
…………………………..”

C. *In the matter of Dhvani Darshan Kothari & Anr. (Appeal No. 276 of 2020, Order dated 21-01-2021), the Hon'ble Tribunal held that*

"14. In so far as the appeal of Dhvani Darshan Kothari & Anr. is concerned, who are in the second group, the said appellants have been penalized on the charge that they are connected on the basis of a common mobile number. This charge is apparently common and, therefore, we are of the opinion that the appellants cannot be found connected on the basis of a common mobile number which is insufficient.
……………...”

The ratio laid down in these cases squarely applies to the case of the Noticee. In light of these Orders, the Noticee requests your goodself to drop the proceeding against the Noticee without passing any adverse order.
It is further submitted that like synchronized trades or self-trades, reversal trade is also per se not illegal. In catena of cases, SEBI itself exonerated several entities wherein the quantum of purported reversal trades were lesser. Further, in the matter of Mr. Narendra Vallabhji Bahuva v/s SEBI (Order dated 14-07-2021, Appeal No. 516 of 2019), the Hon'ble Tribunal held that
“Further, we are of the opinion that one single trade cannot lead to a conclusion that the appellant was involved in fraudulent execution of trades with a manipulative intent.
…………………………...."
The ratio laid down by the Hon'ble Tribunal in the aforesaid matter squarely applies to the case of the Noticee herein. In present case, the Noticee is facing allegation of execution of 1 buy and 1 sell trade only. Thus, on this ground alone the allegation made against the Noticee in SCN are liable to be dropped. Furthermore, SCN is bad in law as the same has been issued more than 6 years later from the date of execution of trades by the Noticee. BSE is a first

stage Regulator and claims that it has most scientific and surveillance mechanisms. Similarly, SEBI as Regulator of Regulators of all Stock Exchanges, of all intermediaries and of all the entities who deal in securities market has also a sophisticated Surveillance System. The Noticee had not received a single Caution Letter either from BSE and/or SEBI in this matter. Hence, the issue of SCN more than 6 years later from the date of execution of trades by the Noticee has caused extreme mental agony and highly prejudices the case of the Noticee as justice delayed is justice denied. Recently, the Hon'ble Supreme Court of India and the Hon'ble Tribunal took a tough stand against inordinate delay and latches in quasi-judicial proceedings initiated by SEBI.

The Noticee further denies that the Noticee has violated the Regulation 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a) of the PFUTP Regulations. In this context it is submitted as follows:

It has neither directly nor indirectly bought or sold or otherwise dealt in securities in any fraudulent manner. As mentioned above the trades of the Noticee were completely genuine and are without any malafide intention of creating any false or misleading appearance of trading in the market.

It has not used or employed any manipulative or deceptive devise or contrivance in contravention of the provisions of the SEBI Act or the rules or the regulations made there under, the same has also not been specifically brought out in the captioned SCN.

It has not employed any device, scheme or artifice to defraud anyone in the market and the same has also not been alleged in the captioned SCN.

It has not engaged in any act, practice, course of business which operated or would have operated as a fraud or deceit upon any person with any dealing in the market in contravention of the provision of the SEBI Act or the rules and the regulations made there under, it has also not been alleged in the captioned notice that the trades executed by the Noticee has operated or would have operated as a fraud or deceit upon any person.

It has not dealt in securities in a fraudulent manner or as indulged in unfair trade practice in the securities market. It is again reiterated that the trades executed by the Noticee were in its normal course of business and were completely genuine.

As submitted above the trades of the Noticee were completely genuine and has not created any false or misleading appearance of trading in the securities market as alleged in the captioned notice.

Thus, in view of the facts stated, arguments advanced and authorities cited, it is humbly prayed that the present proceedings be quashed since no primary violation of any PFUTP Regulations is made out against the Noticee and the genuineness of the trades has also been explained hereinabove. Therefore, the question of holding an inquiry against the Noticee in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and imposing penalty for the alleged violation does not arise.

Without prejudice to whatever stated hereinabove, the Noticee further wishes to make submissions on the quantum of penalty. The Noticee says and submits that in case, your goodself is not convinced with the submissions made hereinabove. The Noticee requests your goodself to consider below mentioned submissions on the quantum of penalty:

The Noticee says and submits that it is the discretion of the Adjudicating Officer to decide the quantum of penalty which is need to be imposed in a case where charges are proved. There is no restriction or bar in the SEBI Act which prohibits an Adjudicating Officer to impose lesser penalty than Rs. 5,00,000/- under Section 15HA of the SEBI Act. In this connection, the Noticee place reliance on the Judgement of Hon'ble Apex Court dated 28- 02-2019 in Civil Appeal No. 11311 of 2013 in the matter of Adjudicating Officer, SEBI v/s Bhavesh Pabari. In the said Judgment, the Hon'ble Apex court has held that

"6. The explanation to Section 15J of the SEBI Act added by Act No. 7 of 2017, quoted above, has clarified and vested in the Adjudicating Officer a discretion under Section 15J on the quantum of penalty to be imposed while adjudicating defaults under Sections 15A to 15HA. ………………...
7. Reference Order in Siddharth Chaturvedi & Ors. (supra) on the said aspect has observed that Section 15A(a) could apply even to technical defaults of small amounts and, therefore, prescription of minimum mandatory penalty of Rs. 1 lakh per day subject to maximum of Rs. 1 crore would make the Section completely disproportionate and arbitrary so as to invade and violate fundamental rights………."

Thus, there is no bar in the SEBI Act which restrict your goodself to impose lesser penalty than Rs. 5,00,000/-.

The Noticee further submits that your goodself should exercise the discretion provided to your goodself as Adjudicating Officer judiciously and ought to consider the factors enumerated in Section 15 J of the SEBI Act, 1992. The another Ld. AO while passing the Adjudication Order dated 30- 11-2018 against Mr. Jai Prakash Agarwal (Please see Para 5(b) of the said Order), has imposed a penalty of Rs. 5,00,000/- for generation of artificial volume of 3,94,91,500 shares / units by execution of 56 reversal trades in 25 Unique Contracts. This is not an isolated example wherein a penalty of Rs. 5,00,000/- has been imposed for execution of voluminous trades in comparison of the Noticee herein. The Noticee is providing following more examples for your ready reference…………………………..:

In comparison of the aforesaid, the Noticee is facing allegation of execution of only 2 trades (1 buy and 1 sell trade) in 1 Unique Contract and total volume generated due to alleged trades were 60,000 shares / units.

The Noticee further place reliance on the Order dated 22-06-2016 in Appeal No. 390 of 2015 (Dhvani Darshan Kothari v/s SEBI)

Apart from the above, treating the appellant who has executed a single trade on market could not be treated on par with others who had executed multiple trades and impose uniform penalty, especially when the AO by exercising discretion has deemed it fit not to impose maximum penalty prescribed under Section 15HA of SEBI Act. In other words, the AO is not justified in treating the persons who are not similarly situated as one class and impose uniform penalty

In the aforesaid matter, the Hon'ble Tribunal called for imposition of penalty proportionately to the alleged offence. The Noticee, therefore, humbly submits that the Ld. Adjudicating Officer be pleased to either drop the inquiry proceedings or be pleased to impose much lesser penalty on the Noticee than Rs. 5,00,000/-.

CONSIDERATION OF ISSUES AND FINDINGS:

9. I have taken into consideration the facts and circumstances of the case, reply of the Noticee and the material available on record, the issues that arise for consideration in the present case are:

Issue (a): Whether the reversal trades in illiquid Stock Options carried out by the Noticee during the Investigation Period were in violation of Provisions of Regulation 3(a), (b), (c), (d) and 4(1) & 4(2)(a) of the PFUTP Regulations, 2003?

Issue (b): If yes, whether the violation, on the part of the Noticee would attract monetary penalty under Section 15HA of the SEBI Act, 1992?

Issue (c): If yes, what would be the quantum of monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act, 1992, read with rule 5(2) of the Adjudication Rules, 1995?

10. Before proceeding further, I would like to refer to the relevant provisions of the PFUTP Regulations, 2003 as below:

PFUTP Regulations, 2003

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 thereunder;

(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 or 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; …..”

11. Before advancing into the merits of the case, I would like to deal with the contention of the Noticee pertaining to the delay in issuance of SCN, non-furnishing of documents sought by the Noticee.

12. With regard to the delay, I note that there is no provision under SEBI Act, 1992, which prescribes a time limit for taking cognizance of a breach of the provision of the SEBI Act, 1992 and Rules and Regulations made thereunder. Further, as per Section 11C of SEBI Act, 1992, 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. In this regard, I feel it is pertinent to note that, in the matter of SEBI Vs Bhavesh Pabari (2019) SCC Online SC 294, the Hon'ble Supreme Court of India has, inter alia, held that: "*There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be 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*." Further, I note that the Hon'ble SAT in the matter of Pooja Vinay Jain vs SEBI (Appeal No. 152 of 2019, Date of Decision – 17.03.2020) held that, "*The record would show that all the documents concerning the defense of the appellant were filed by her before the AO. Therefore, for want of any prejudice the proceedings cannot be quashed simply on the ground of delay in launching the same*".

13. I also note that the Hon'ble SAT in the matter of Bipin R Vora vs SEBI held that, *"As regards the plea of delay and latches and submission that the show cause notice is barred by limitation, I do not find any merit in these contentions as the time and efforts involved in an investigation though may vary from case to case, generally investigations per-se is a time consuming process which invariably involve collection, scrutiny and careful examination of voluminous*

records/ order-trade details of all the concerned including the exchanges/recording of statements etc. and therefore no time limit can be fixed in this regard to enable a regulator to take appropriate disciplinary action for the safeguard and improvement of the system/market". In view of the aforesaid and considering the facts of the aforesaid matter, I do not find any merit in the contentions of the Noticee.

14. Further, Noticee has contended that it has not been provided with complete material documents, information relating to reason recorded by the competent authority for holding inquiry etc. In this regard, I note that all the relied upon records/documents based on which the charges/allegations were levelled against the Noticee in the SCN were already furnished to the Noticee along with the SCN. In this regard, reference is drawn to the Hon'ble Supreme Court in the matter of Kanwar Natwar Singh v. Directorate of Enforcement [(2010) 2 SCC 497], has *interalia* held that: *"…Even the principles of natural justice do not require supply of documents upon which no reliance has been placed by the Authority to set the law into motion. Supply of relied on documents based on which the law has been set into motion would meet the requirements of principles of natural justice…".* Further, in the matter of Chandrama Tewari v. Union of India, Through General Manger, Eastern Railways, (1988) 1 SCR 1102, the Hon'ble Supreme Court has held that it is not necessary that each and every document must be supplied to the Noticee facing charges. Only material and relevant documents are necessary to be supplied to him/ her. Further, the Hon'ble Securities Appellate Tribunal in the matter of Manoj Gaur vs. SEBI (Appeal No 64 of 2012, decided on October 03, 2012) has *inter alia* held that "….*Since the adjudicating officer has complied with the statutory requirements, there is no legal obligation on the Board to furnish the entire investigation report to the appellants….".*

15. Further, the Hon'ble SAT, in its order dated February 12, 2020, in the matter of Shruti Vora vs. SEBI held that:*"……….A bare reading of the provisions of the Act and the Rules as referred to above do not provide supply of documents upon which no reliance has been placed by the AO, nor even the*

principles of natural justice require supply of such documents which has not been relied upon by the AO. We are of the opinion that we cannot compel the AO to deviate from the prescribed procedure and supply of such documents, which is not warranted in law. In our view, on a reading of the Act and the Rules we find that there is no duty cast upon the AO to disclose or provide all the documents in his possession especially when such documents are not being relied upon." Further, the Hon'ble SAT in the matter of Anant R Sathe Vs SEBI (Appeal No. 150 of 2020) vide Order dated July 17, 2020 has reaffirmed the principle elucidated in the judgment of Shruti Vora's case, which was reproduced herein above and ruled that: *"the Authority is required to supply the documents that they rely upon while serving the show cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence".* Therefore, in view of the above, the contention of the Noticee that it was not provided with the relevant records/documents pertaining to the matter is baseless and without any merit.

16. Further, Noticee contended that in the SCN, it is not made clear as to what constitutes a reversal trade or what the definition of reversal trade is. In this regard, I note that reversal trade has been explained at para 4 of the SCN and hence, the contention of the Noticee is not acceptable to me.

17. Now I deal with the issues on merit in the instant matter. I note that allegation against the Noticee is that, while dealing in the stock option contracts at BSE during the IP, he had executed reversal trade which were allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock option contracts at BSE. Reversal trades are considered to be those trades in which an entity reverses its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. The said reversal trades are alleged to be non-genuine trades as they are not executed in the normal course of trading, 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.

18. The Noticee stated that he has not violated the PFUTP Regulations as alleged in SCN and he had only entered into two trades. I note from the trade log that the Noticee had traded in one contract in the stock options segment of BSE during the investigation period namely PIDI15SEP540.00PE. It is observed that the Noticee had executed two non-genuine trades in the aforesaid contract. I further note that the above mentioned trades of the Noticee had resulted in the creation of alleged artificial volume of 60,000 units in the aforesaid contract. The summary of the non-genuine trades of the Noticee are as follows:

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 Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract**	**% of Non Genuine trades of Noticee in the contract to Total trades in the Contract**	**% 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	PIDI15SEP540.00PE	5.75	30,000	12.00	30,000	100%	50%	100%	50%

19. It is noted that the Noticee had executed non-genuine trades in the aforesaid contract, wherein the percentage of non-genuine trades of the Noticee in stock option contract to total trades in the said contract was 50%. Further, artificial volume generated by the Noticee in the said contract to Noticee's Total Volume amounted to the entire 100% of total volume generated in the contracts. It is also noted that artificial volume generated by the Noticee contributed 50% of the total volume from the market in the said contract. Non-genuine trades executed by the Noticee in the aforesaid contract had significant difference in buy rate and sell rate considering that the trades were reversed on the same day i.e. July 20, 2015 within a span of few seconds.

20. The Notice has contended that there is dispute in figure of total trades comprising executed in Stock Option Segment of BSE during the Investigation Period. However, I note that the allegation in the instant matter is not regarding the total trades executed during the IP but whether the trades

executed by the Noticee in the concerned Illiquid contract were non-genuine or not, thus leading to generation of artificial volumes. Therefore, I dismiss the contentions of the Noticee in this regard.

21. The Noticee has denied any connection or relationship or association with the counterparty and stated that it is totally illogical and irrational to allege that trades of the Noticee with the said counter party are non-genuine trades which resulted into creation of any artificial volume. In this regard, I note from the trade log that the trades executed by the Noticee in the aforesaid contract were squared up within a short span of time with the same counterparty. To illustrate, the Noticee on July 20, 2015 at 15:04:43 hrs (Order time of the Noticee: 15:04:42 hrs and Counterparty order time: 15:04:43 hrs) entered into one buy trade with the counterparty viz. J.B. Overseas for 30,000 units at the rate of Rs. 5.75/- per unit in the aforesaid contract. Thereafter, immediately, on the same day within a gap of six seconds, the Noticee at 15:04:49 hrs (Order time of the Noticee: 15:04:49 hrs and Counterparty order time: 15:04:49 hrs) entered into one sell trade with same counterparty for 30,000 units at the rate of ₹ 12.00 per unit in the same contract. It is noted that while dealing in the said contract during the investigation period, the Noticee executed reversal trades with same counterparty i.e. J.B. Overseas on the same day within a gap of six seconds and with a significant price difference in buy and sell rates. Thus, the Noticee, through his dealing in the contract viz. “PIDI15SEP540.00PE”, executed non genuine trades which was 50% of the total trades on the market in the said contract and thereby, generated artificial volume of 60,000 units which was 50% of the volume traded in the said contract during the investigation period. I note that the charges against the Noticee for the aforesaid trades and the provisions of PFUTP Regulations, 2003 alleged to have been violated as stated above have been cogently spelt out in the SCN dated August 13, 2021 served on the Noticee. Therefore, the contentions of the Noticee are devoid of any merit.

22. Further Noticee contended that the trades were executed on anonymous screen based trading platform provided by BSE wherein identity of the counter

parties remain undisclosed. Hence, the question of any non-genuine trade does not arise at all unless it is proved that such Trades executed by the Noticee in connivance with any counter party. Noticee denied any connection or relation with the counterparty. In this regard, I note that in the screen based trading, which is virtually anonymous, it may not be ordinarily possible for anyone to enter into such reversal trades. However, considering the precision at which the reversal transactions have taken place i.e. synchronisation of the quantity, order price and order time and sale with price significant variations as observed in the instant matter, the same couldn't have been possible without prior meeting of minds. In this regard, I find it relevant to refer to the decision of Hon'ble Supreme Court in the matter of SEBI vs. Rakhi Trading Private Ltd., in Civil appeals no., 1969 of 2011 decided on February 8, 2018 wherein it has been held that: *"considering the reversal transactions, quantity, price and time and sale, parties being persistent in the number of such trade transactions with huge price variations, it will be too naïve 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"*

23. The non-genuineness of these 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 of few seconds, the Noticee reversed the position with the same counterparty with a significant price difference. I note from the trade log of the Noticee that the Noticee reversed the non-genuine trades within few seconds. Such a short span of time taken for reversing the trades in an illiquid stock option contract suggests the non-genuineness of these trades executed by the Noticee. The fact that the transactions in a particular contract were reversed with the same counterparty within a few seconds indicates a prior meeting of minds with a view to execute the reversal trades at a predetermined price. Since these trades were done in illiquid option contracts,

there was no trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation in prices of the said contracts, within a short span of time, is a clear indication that there was pre-determination in the prices by the counterparties while executing the trades. Thus, it is observed that Noticee had indulged in reversal trades with his counterparty in the stock options segment of BSE and the same were non-genuine trades.

24. The Noticee contended how an allegation of fraud can be alleged for execution of mere 1 buy and 1 sell trades. It is very pertinent to state that the said trades were matched with one entity only. I note that it is not mere coincidence that Noticee could match his trades with the same counterparty with whom he had undertaken first leg of the respective trade. This is the outcome of meeting of minds elsewhere and it was a deliberate attempt to deal in such a fashion. Here I would like to rely on the judgment of Hon'ble Supreme Court in SEBI v Kishore R Ajmera (AIR 2016 SC 1079) decided on February 23, 2016, wherein it was held that - *"…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..."*

25. The Hon'ble Supreme Court further held in the same matter that – "*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."

26. I note that though direct evidence is not forthcoming in the present matter regarding meeting of minds or collusion of the Noticee with other entities, the trading behaviour of the Noticee makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level. 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."*

27. I place my reliance on the judgment of Hon'ble Supreme Court in the matter of SEBI vs 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….."*

28. Further, the Hon'ble SAT 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."* The Hon'ble SAT reaffirmed its stand taken in Global Earth Properties and Developers Pvt Ltd Vs SEBI (Appeal No. 212 of 2020), in its judgment dated November 24, 2021 in the matter of Radha Malani vs. SEBI (appeal no. 698 of 2021), has held the that *"Having heard the learned counsel for the appellant, in our view the controversy involved in the present appeal is squarely covered by a decision of this Tribunal in Global Earth Properties and Developers Pvt. Ltd. vs. SEBI (Appeal No. 212 of 2020 decided on September 14, 2020).In view of the aforesaid, the appeal is dismissed with no order as to costs.".* Thus, the submission of the Noticee cannot be accepted.

29. Further, I would like to rely on the judgement of Hon'ble Supreme Court passed in the case of SEBI vs. Rakhi Trading Private Ltd. (supra), wherein the Apex Court held that "*the entities were engaged in a fraudulent and unfair trade practice while dealing in Options and hence were liable for violation of SEBI (PFUTP) Regulations".* The Hon'ble Apex Court has also held that in the absence of direct proof of meeting of minds, the test should be one of preponderance of probability and also stated that the conclusion has to be gathered from various circumstances like volume of trade, period of persistence of trading, particulars of buy and sell orders, proximity of time between the two and such other relevant factors.

30. In line with the aforesaid judgements of Hon’ble Supreme Court and Hon’ble SAT, I note from the foregoing findings that the trading pattern of the Noticee in terms of volume of reversal trades, proximity of buy/sell and subsequent reversal evidences the indulgence of the Noticee beyond a reasonable doubt of the manipulative intent in creation of artificial volume. Further, the dealings by Noticee only in such options contracts which was illiquid clearly demonstrates the manipulative intent to use stock exchange platform to carry out non-genuine trades with the aim to execute such trades for manipulative purposes.

31. In this regard, I would like to rely on the judgement of Hon’ble Supreme Court in the matter of SEBI vs. Rakhi Trading Private Ltd.(supra) decided on February 8, 2018, where Apex Court held that, *“The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors. By synchronization and rapid reverse trade, as has been carried out by the traders in the instant case, the price discovery system itself is affected. Except the parties who have pre-fixed the price nobody is in the position to participate in the trade. It also has an adverse impact on the fairness, integrity and transparency of the stock market.”*

32. I note that dealing in Illiquid stock options not only displays an unreal picture of market activity to other investors but also defeats the basic premise of screen based electronic trading system and price discovery mechanism by execution of pre-decided reversal trades at irrational/arbitrary prices. Such activity deliberately or otherwise damages market integrity apart from presenting wrong picture of liquidity to gullible investors which could affect their trading/investment decisions. Options as financial instruments, ordinarily, provide hedging avenues to investors. The trading of the Noticee in the instant matter was abnormal and was clearly designed to create artificial volumes in the illiquid stock option contracts, fail to justify any of the normal strategies of hedging/ arbitrage. In my view, the abuse of such financial instruments, which are made available to the investors for the purpose of protection of their investment portfolios from the risks of adverse price

movement, needs to be dealt with strictly. I also note that while the stock exchange provides a platform for carrying out the trades, the obligation to ensure genuineness of the trades executed on the exchange platform primarily lies on the Noticee.

33. In view of the above, the trading behaviour of the Noticee confirms that such trades were not normal and wide variation in prices of the trades in the same contract in a short time without any basis for such wide variation, all indicate that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in the contract i.e. PIDI15SEP540.00PE. In view of the above, I find that the allegation of violation of provisions of Regulation 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..*"

34. In view of the aforesaid judgment of the Hon'ble Supreme Court, I am convinced that, in the instant matter, the Noticee is liable for monetary penalty under the provisions of Section 15HA of the SEBI Act, 1992 which reads as follows:

15HA. Penalty for fraudulent and unfair trade practices.

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.

35. While determining the quantum of penalty under Section 15HA of the SEBI Act, 1992, the following factors stipulated in Section 15J of the SEBI Act, 1992, have to be given due regard:

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.

36. With regard to the imposition of penalty amount, Noticee contended that there is no restriction or bar in the SEBI Act, 1992 which prohibits an Adjudicating Officer to impose lesser penalty than Rs. 5,00,000/- under Section 15HA of the SEBI Act, 1992 citing the judgement of the Hon'ble Supreme Court dated February 28, 2019 (Civil Appeal No. 11311 of 2013) in the matter of Adjudicating Officer, SEBI v/s Bhavesh Pabari. In this regard, I deem it appropriate to refer to the order of Whole Time Member, SEBI dated August 18, 2020 in respect of adjudication order against Shri Ashok Kumar Damani in the matter of Illiquid Stock Options at BSE held that:

"12…….. I note that Sections 15J enumerates the factors which shall be given due regard by the adjudicating officer while imposing the monetary penalty. Hon'ble Supreme Court in the Bhavesh Pabari case (supra) has held that factors enumerated in Section 15J are only illustrative and adjudicating officer may take into consideration any other relevant factor. In the present case also, adjudicating officers has considered the other relevant factor that the Noticee has undergone a debarment of almost three years. I further note that Section 15I (2) of the SEBI Act, 1992 provides that adjudicating officer may impose such penalty as he thinks fit in accordance with the penalty provisions. However, the question to be determined in present proceedings is whether in exercising his discretion under Section 15I(2) and 15J of the SEBI Act, 1992, adjudicating officer can impose a penalty which is less than the minimum penalty prescribed under the penalty provisions. As per the contention of the Noticee, adjudicating officer can do so, in view of the order passed by the Hon'ble Supreme Court in the Bhavesh Pabari case (supra). I have perused the said judgment. Firstly, I find that Bhavesh Pabari matter dealt with the applicability of Section 15J of the SEBI Act, 1992 to the penalty provisions, as existed before the amendments made in the penalty provisions in the year 2014. However, Hon'ble Court also made following observations regarding penalty provisions as amended in the year 2014, as follows:

“7…………..We would prefer read and interpret Section 15-A(a) as it was between 25th October, 2002 and 7th September, 2014 in line with the Amendment Act 27 of 2014 as giving discretion to the Adjudicating Officer to impose minimum penalty of Rs.1 lakh subject to maximum penalty of Rs.1 crore, keeping in view the period of default as well as aggravating and mitigating circumstances including those specified in Section 15J of the SEBI Act………………...”.

……………………..Penalty provisions after the amendments made in the year 2014 introduces minimum penalties that too with the use of the words “……. shall be liable to penalty which shall not be less than…..” which per se indicates the legislative intent that the provisions are mandatory. The penalty provisions, as amended by the 2014 amendments, were not under consideration before Hon’ble Supreme Court in the Bhavesh Pabari case (supra). Thus, interpretation of the penalty provisions, as amended in the year 2014, as sought to be canvassed by the Noticee on the basis of the Bhavesh Pabari case (supra) is not correct.

13. Now the question arises is whether imposition of minimum penalty is mandatory. In this regard, as observed above, penalty provisions after the amendments made in the year 2014 use the words “……. shall be liable to penalty which shall not be less than…..” which per se indicates the legislative intent that the provisions are mandatory. In this regard, it would be apposite to refer to the judgment of Hon’ble Supreme Court in Union of India & Others Vs. A. K. Pandey (2009) 10 SCC 552 wherein it was held as under:
………………………………………

On the basis of the aforesaid observations, the Noticee has sought to canvass that if minimum penalty is imposed without having regard to Section 15J, it would render the Section 15J otiose. In my view, Section 15J is available to adjudicating officer even after the amendment made in the penalty provisions in the year 2014. However, discretion available under Section 15J can be exercised between the minimum and maximum penalty provided under the respective Sections. In the present case also, adjudicating officer could have exercised his discretion between the minimum penalty i.e. Rs. five lakh and maximum penalty i.e. Rs. one crore. Thus, Section 15J is not rendered otiose. Therefore, the contention of the Noticee in this regard, is misplaced and hence, untenable.”

In view of the above, the submission of the Noticee cannot be accepted.

37. I observe that the material / documents made available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on part of the said Noticee. However, Noticee has entered into two non-genuine trades in one stock option contract during the investigation period. Therefore, I note that the Noticee indulged in execution of reversal trades in stock options on BSE during the Investigation Period which were non-genuine and created false and misleading appearance of trading in terms of artificial volumes in stock options, leading to violation of provisions of Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFTUP Regulations, 2003 and hence liable for

ORDER

38. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15-I(2) of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995, I hereby impose a penalty of ₹5,00,000/- (Rupees Five Lakh only) upon the Noticee i.e., Shri Ankit Katiyar HUF (PAN: AAOHA2687P), under Section 15HA of the SEBI Act, 1992 for violation of provisions of Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003.

39. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through Demand Draft in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai, or the 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. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

40. The Noticee shall forward the aforesaid Demand Draft / payment confirmation details to the Division Chief, Enforcement Department-I (EFD), Division of Regulatory Action -I [EFD1-DRA-1] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai –400 051 and also send an email to tad@sebi.gov.in with the following details:

1	Case Name	
2	Name of the 'Payer / Noticee' along with PAN of Noticee	
3	Date of Payment	
4	Amount Paid	
5	Transaction No.	
6	Bank Name and Account No.	
7	Purpose of payment	

41. In the event of failure to pay the aforesaid amount of penalty within 45 days of receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act, 1992 for realization of the said penalty amount along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

42. In terms of the provision of rule 6 of the Adjudication Rules, 1995, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Place: Mumbai **RAJESH GUJJAR**

Date: January 13 , 2022 **ADJUDICATING OFFICER**