



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D.

GENERAL MANAGER &
ADJUDICATING OFFICER

SEBI/HO/CFD/CMD-2/OW/2021/21709/1
August 31, 2021

DEERGOLD COMMERCIAL PRIVATE LIMITED

[PAN: AADCD4256D]

38 Utkalmoni Gopabandu Sarani
Kolkata, West Bengal - 700007

ADDRESS 2

DESTINY TOWER, FLAT No. 2F 2nd Floor,
TEGHORIA, 23 CHINAR PARK, RAJARHAT,
GOPALPUR, PARAGANAS NORTH Parganas North
WB 700136

Subject: Adjudication Proceedings in respect of Deergold Commercial 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 by Adjudicating Officer) Rules, 1995

1. Securities and Exchange Board of India (hereinafter, referred to as "SEBI") has initiated adjudication proceedings in respect of **Deergold Commercial Private Limited** (hereinafter also referred to as "Noticee"), bearing PAN - AADCD4256D for alleged violation of 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 has been appointed as Adjudicating Officer, vide order dated Apr 30, 2021, to enquire into and adjudge under Section 15HA 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 14, 2021 appointing the undersigned as Adjudicating Officer is placed at Annexure A.
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 2,91,643 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.

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

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





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
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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 2 reversal trades in one contract, which led to generation of alleged artificial volume of 1,28,000 units. These trades of the Noticee involved reversal with the same counterparty on the same day, but at different prices. Details of the trades 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 the Stock Options 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 non-genuine in nature.
7. A summary of dealings of Noticee in the Stock Options contract in which the said Noticee allegedly executed reversal trade during the investigation period, is as follows: -

Summary of dealings in contract wherein the Noticee executed reversal trade

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	ALLD15APR45.00CEW3	30.0	64000	17.5	64000	100%	61.54%

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 one contract viz, "ALLD15APR45.00CEW3" during the investigation period, as follows:-

(a) During the investigation period, 2 trades for 64,000 units ^{each} were executed by the Noticee in the said contract on 31/03/2015.





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

- (b) While dealing in the said contract on 31/03/2015, at 12:16:57.70 hrs the Noticee entered into a sell trade with counterparty Pravesh Kumar Gupta HUF for 64,000 units at Rs. 17.5 per unit. At 12:20:29.13 hrs, the Noticee reversed this transaction with a buy trade with the same counter party for 64,000 units at Rs. 30 per unit.
- (c) The Noticee's two trades while dealing in the abovementioned contract during the investigation period allegedly generated artificial volume of 1,28,000 units, which constituted 61.54% 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 Options with same entity 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 violation, if established, makes 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 Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred as "**Adjudication Rules**") read with section 15I 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 surabhig@sebi.gov.in and ishans@sebi.gov.in within 15 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) Regulations, 2018. If the Noticee wish to opt for the settlement process, he may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned. Further, he may note





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

that filing of settlement application does not confer any right to seek the settlement of the proceedings.


SURABHI GUPTA
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	1
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 Options contract in which the 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 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 of the SEBI Rules read with sub-section (1) and (2) of Section 15 I of SEBI Act. The Adjudicating Officers shall enquire



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.K.
BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA

S. No.	Case ID	Case Name	PAN Number	Entity Name	AO Name
444	210008064	ISO at BSE-DEERGOLD COMMERCIAL PRIVATE LIMITED	AADCD4256D	DEERGOLD COMMERCIAL PRIVATE LIMITED	Surabhi Gupta



TRADE _DATE	SCRIP CODE	clnt_p an	clnt_nam e	cp_pa n	cp_name	ORDE R_NO	CP_OR DER_N O	TRADE ID	ORDE R_TIM E	CP_OR DER_T IME	TRADE _TIME	TRADE _RATE	TRADE _VALU E	ORDE R_RAT E	CP_OR DER_R ATE	ORDE R_LIM RATE	CP_OR DER_L MRAT E	ORDE R_LTP	CP_OR DER_L TP	TRADE D_QTY	ORDER QTY	CP_OR DER_Q TY	MEMBER _NAME	CP_ME MBER_ NAME	ORDE R_TYP E	CP_OR DER_T YPE	SCRIP NAME	EXPIRY	STRIKE PRICE	
					DEERGOLD																									
31/03/2015	840726	AALHP15088D	PRAVESH KUMAR GUPTA HUF	AADC D4256D	COMMER CIAL PRIVATE LIMITED	14277 73500 34301 5000	14277 73500 34301 5001	5956	12:16:49.527808	12:16:57.702944	12:16:57.702944	17.500.0	40000	17.5	17.5	17.5	17.5	360000.0	17.5	17.5	64000	64000	64000	BEST BULL STOCK TRADING PVT.LTD.	DESTINY SECURITIES LTD.	L		ALLD1 5APR4 5.00CE W3	2015-04-16	4500.0
31/03/2015	840726	AADC D4256D	DEERGOLD	PRAVESH KUMAR GUPTA HUF	COMMER CIAL PRIVATE LIMITED	14277 73500 34301 5003	14277 73500 34301 5002	8204	12:20:28.991938	12:20:28.521435	12:20:29.133042	30.00.0	48000	30.0	30.0	30.0	30.0	17.5	17.5	64000	64000	64000	DESTINY SECURITIES LTD.	DESTINY SECURIT G PVT.LTD	L		ALLD1 5APR4 5.00CE W3	2015-04-16	4500.0	



ANNEXURE - C

PAN	SCRIPNAME	Average Buy rate (in ₹)	Buy Quantity	Buy Value (in ₹)	Average Sell rate (in ₹)	Sell Quantity	Sell Value (in ₹)	Number of non-genuine trades executed by the entity in the contract	Total number of trades executed by the Entity in the Contract	Total number of trades executed in the contract	Artificial volume generated by Entity in the Contract	Total volume generated by Entity in the Contract	Total volume in the Contract	% of non-genuine trades of Entity in the contract to Entity's total trades in the Contract	% of non-genuine trades of Entity in the contract to Entity's 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 Entity's Total Volume in the Contract
AADCD4256D	ALLD15APR45.00CEW3	30.00	64,000	19,20,000	17.50	64,000	11,20,000	2	2	4	1,28,000	1,28,000	2,08,000	100.00%	50.00%	100.00%	61.54%

