



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/AD/37238/1/2022

06/08/2022

EXON DISTRIBUTORS PVT LTD

PAN: AACCE8604K

7, Grant Lane 3rd Floor KOLKATA WEST
BENGAL 700012

Email: e_solutions91@yahoo.in

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding
Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in
Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

"Penalty for fraudulent and unfair trade practices.

15HA. 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."

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

"17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs." *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

SM



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER
ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

SM

U



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/S/37421/1/2022

06/08/2022

FORTUNE TREXIM PRIVATE LIMITED

PAN: AABCF2706L

14C M D ROAD KOLKATA KOLKATA
WEST BENGAL 700007

Email: anjani_banka@yahoo.co.in

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding
Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in
Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

Sm



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

SM



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER

ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

SMM



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/S.139000/2022

08/08/2022

G R INDUSTRIES AND FINANCE LIMITED

PAN: AACCG0885C

4 GANESH CHANDRA AVENUE 6TH
FLOOR KOLKATA 13 KOLKATA WEST
BENGAL 700013

Email: 0

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding
Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in
Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

SM



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

sm



अनुवर्ती :
Continuation :

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

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

Sm



अनुवर्ती :
Continuation :

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

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

** You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.*

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER
ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

SM



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/ S./40735/1/2022

10/08/2022

PREVIEW VINIMAY PRIVATE LIMITED

PAN: AAFCP5386A

3,SAKLAT PLACE KOLKATA WEST
BENGAL INDIA

Email: 0

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

SM



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

SM



अनुवर्ती :
Continuation :

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

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” (Emphasis Supplied)

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

SM



अनुवर्ती :
Continuation :

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

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER
ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

SM



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/S-140902/2022

11/08/2022

PRIMARY INVESTMENT CONSULTANTS PRIVATE LIMITED

PAN: AAGCP3617H

71A GRANT LANE 2ND FLOOR
KOLKATA WEST BENGAL INDIA

Email: DILIPGUPTA63@YAHOO.CO.IN

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

Sm



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

SM



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER

ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

SM



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/S. /40905/2022

11/08/2022

PRIMARY IRON TRADERS PVT LTD

PAN: AAFCP8289C

BORAR, UTTAR ANTILA BAGNAN
KOLKATA WEST BENGAL INDIA

Email: primaryirontraderspvtltd@yahoo.com

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

Sm



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

Sam



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

"Penalty for fraudulent and unfair trade practices.

15HA. 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."

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

"17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs." *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

cm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER

ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

cm



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/AE/35191/2022

04/08/2022

UNIFOUR COMMOSALE PVT LTD

PAN: AABCU4261B

85 METCALFE STREET 2ND FLLOR
KOLKATA WEST BENGAL 700013

Email: 0

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

Sam



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

cm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER
ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures: CD containing the following annexures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

cm



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

Outward No. 44 623/2022

24/8/2022

PANKAJ GOEL

PAN: ACTPG7828D

A-03120P-2 SAHARA GRACE APPT. M G
ROAD GURGAON 122002 GURGAON
HARYANA -122002

Email Address: pankaj3583@yahoo.com

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (**SEBI**) has initiated Adjudication Proceedings against you (**Noticee**), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (**Adjudication Rules**) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (**PFUTP Regulations**), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (**BSE**).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at **Annexure 1**).

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
**Securities and Exchange
Board of India**

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in columns **B, E/G, M, P** and **Z** respectively of the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty if any, shall be imposed under section 15HA of the SEBI Act. In such case, you





अनुवर्ती :
Continuation :

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

are called upon to file your reply within 30 days of receipt of this Show Cause Notice.


Dr. Anitha Anoop

ADJUDICATING OFFICER

- Enclosures: 1) Annexure 1 - Relevant Extract of Investigation Report
2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
3) Annexure 3 - Details of all the reversal trades of the Noticee
4) Annexure 4 - Summary of reversal trades of the Noticee
5) Annexure 5 - Copy of SAT judgment dated May 13, 2022



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

Outward No. 44618/2022

24/8/2022

PANKAJ KUMAR AGRAWAL HUF

PAN: AALHP4980R

AKHTIYARPUR HOUSE 3RD FLOOR NR
OLD ARVIND MAHILA CLG
KADAMKUAN PATNA PATNA BIHAR
INDIA

Email Address: RAJESHNSPL@SIFY.COM

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (**Noticee**), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (**Adjudication Rules**) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (**PFUTP Regulations**), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (**BSE**).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at **Annexure 1**).

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 विनियम बोर्ड
*Securities and Exchange
Board of India*

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in columns **B, E/G, M, P** and **Z** respectively of the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and





अनुवर्ती :
Continuation :

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

misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI





अनुवर्ती :
Continuation :

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

Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case you





अनुवर्ती :
Continuation :

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

are called upon to file your reply within 30 days of receipt of this Show Cause Notice.


Dr. Anitha Anoop
ADJUDICATING OFFICER

- Enclosures: 1) Annexure 1 - Relevant Extract of Investigation Report
2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
3) Annexure 3 - Details of all the reversal trades of the Noticee
4) Annexure 4 - Summary of reversal trades of the Noticee
5) Annexure 5 - Copy of SAT judgment dated May 13, 2022



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/AN/39829/1/2022

10/08/2022

VERSATILE SAREE TRADER PVT LTD

PAN: AADCV5277G

21 MukTARAM BABU STREET 2ND
FLOOR KOLKATA WEST BENGAL
700007

Email: VSTPL2011@YAHOO.COM

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding
Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in
Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

sm



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

SM



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER
ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

CM



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

Outward No. 45088/2022

25/8/2022

MULTIWYN COMMERCIAL PRIVATE LIMITED

PAN: AACCM2844B

19 SYNAGOUGE STREET 2ND FLOOR
KOLKATA WEST BENGAL 700001

Email Address: Inssl@yahoo.com

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).





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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in columns **B, E/G, M, P** and **Z** respectively of the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and





अनुवर्ती :
Continuation :

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

misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you





अनुवर्ती :
Continuation :

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

are called upon to file your reply within 30 days of receipt of this Show Cause Notice.


Dr. Anitha Anoop
ADJUDICATING OFFICER

- Enclosures:
- 1) Annexure 1 - Relevant Extract of Investigation Report
 - 2) Annexure 2 - Copy of the communication appointing the Adjudicating Officer
 - 3) Annexure 3 - Details of all the reversal trades of the Noticee
 - 4) Annexure 4 - Summary of reversal trades of the Noticee
 - 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/DD/32255/1/2022

01/08/2022

SUNIL KUMAR LODHA HUF

PAN: AARHS9086F

MYSTYPARA BADGAM JAMMU AND
KASHMIR INDIA

Email Address: PUSKAR39@YAHOO.IN

Sub: Adjudication Proceedings in the matter of dealings in Illiquid Stock
Options (ISO) at BSE

PART - A

1. A Show Cause Notice (**SCN**) was earlier issued to you in the matter of dealings in Illiquid Stock Options (ISO) at BSE (Copy placed at **Annexure 1**). The said Adjudication Proceedings are pending before me, to inquire into and adjudge the violations of provisions of Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (**PFUTP Regulations**) and determine whether penalty under Section 15HA of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) is liable to be imposed. Section 15HA of SEBI Act reads as under:

"Penalty for fraudulent and unfair trade practices.

15HA. 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

Sm

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



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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.”

(Emphasis Supplied)

PART - B

2. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 2**), wherein the following directions were issued to SEBI:

*“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. **The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.**” (Emphasis Supplied)*

3. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

Com



अनुवर्ती :
Continuation :

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

4. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
5. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
6. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings initiated vide SCN shall stand automatically revived and the proceedings shall continue, from the stage at which the said proceedings were kept pending. In such case, you are advised to file your reply within 30 days of receipt of this Intimation, if not filed earlier.



Soma Majumder

ADJUDICATING OFFICER

Enclosures: 1) Annexure 1 - Show Cause Notice
2) Annexure 2 - Copy of SAT judgment dated May 13, 2022



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

GENERAL MANAGER &
ADJUDICATING OFFICER

EAD-10/SM/S./OW/12376/1 /2022

March 24, 2022

By SPAD / Digitally Signed E-mail

Sunil Kumar Lodha HUF

PAN: AARHS9086F

Mystypara Badgam,

Jammu and Kashmir – 191112

Email: PUSKAR39@YAHOO.IN

Subject: Notice under Rule 4(1) of 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 against Sunil Kumar Lodha HUF (hereinafter referred to as the “Noticee”) for alleged violation of the provisions of regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter, referred to as the “PFUTP Regulations, 2003”), in the matter of trading in illiquid stock options on The BSE Ltd (hereinafter, referred to as “BSE”).
2. In this regard, SEBI, after being satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged violations as mentioned above *inter-alia* in respect of Noticee, appointed the undersigned as Adjudicating Officer(under Section 19 read with section 15-I(1) of the SEBI Act, 1992 (hereinafter referred to as “SEBI Act”) and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter, referred to as “Adjudication Rules, 1995”) to conduct adjudication proceedings in the manner specified under rule 4 of Adjudication Rules, 1995 read with section 15-I (1) and (2) of SEBI Act, and if satisfied that penalty is liable, impose such penalty as deemed fit in terms of Rule 5 of Adjudication Rules, 1995 and section 15HA of SEBI Act. A copy of appointment order dated April 20, 2021, conveying the appointment of Adjudicating Officer is enclosed as **Annexure A**.

sm

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
*Securities and Exchange
Board of India*

3. SEBI observed large scale reversal of trades in Stock Options segment of BSE leading to creation of artificial volume. SEBI conducted an investigation into the trading activities of certain entities in illiquid Stock Options at BSE (hereinafter, referred to as "Investigation") for the period 01/04/2014 to 30/09/2015 (hereinafter referred to as "Investigation Period" or "IP").
4. Reversal trades are considered non genuine trades if they involve 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) reversed in non-genuine trades, comprising both original volume and reversed volume while keeping out the volume which is not reversed.
5. Pursuant to investigation, it was observed that during the IP, total 2,91,744 trades comprising substantial 81.40% of all the trades executed in Stock Options Segment of BSE were non genuine trades. It is noted that said non genuine trades were not restricted to any specific contract or between any specific set of entities. It is noted that Noticee was one of the various entities who indulged in execution of non-genuine trades in Stock Options Segment of BSE during the I.P. Following points deal with the dealings of Noticee during IP and allegations against Noticee for execution of non-genuine trades.
6. Non genuine trades and artificial volume are illustrated through the dealings of Noticee in the contract viz, "BIOC15APR450.00PE" during the IP, mentioned as follows:
 - (a) During the IP, total 12 trades for 9,53,000 units were executed in the said contract wherein Noticee was party to 2 of the said trades.
 - (b) While dealing in the said contract on 31/03/2015, Noticee at 11:38:16:14 hrs entered into 1 sell trade with counter party viz, Satyanarayan Mahadeoji Agrawal for 45,000 units at rate of Rs. 20 per unit. Thereafter, on the same day, Noticee at 11:38:19:35 hrs entered into 1 buy trade with same counterparty i.e. Satyanarayan Mahadeoji Agrawal for 45,000 units at the rate of Rs. 25 per unit.

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

- (c) From the above, it is noted that while dealing in the said contract during the IP, Noticee executed total 2 reversal trades (1 sell trade + 1 buy trade) with same counterparty viz, Satyanarayan Mahadeoji Agrawal on the same day.
- (d) Thus, Noticee, through dealing in the contract viz, "BIOC15APR450.00PE" during the IP, executed 2 non genuine trades which is 16.67% of the total trades from the market in the said contract during the IP, and thereby, Noticee generated artificial volume of 90,000 units which is 9.44% of the volume traded in the said contract from the market during the I.P.
7. As regard to all the dealings of Noticee in the Stock Options segment of BSE during the IP, it is noted that Noticee has allegedly executed 4 non genuine trades in 2 Stock Options contracts which resulted in artificial volume of total 130,000 units.
8. The details of all the non-genuine trades of Noticee in Stock Option Segment of BSE during I.P. are enclosed as **Annexure B**. An analysis of dealings of Noticee in 2 Stock Options contracts in which the said Noticee allegedly executed reversal trades during the I.P. is given in **Annexure C**.
9. Summary of dealings of Noticee in 2 Stock Options contract, in which Noticee allegedly executed non genuine trades during the IP, is 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	BAJT15APR2100.00CE	18	20000	28	20000	100	3.85	100	5.44
2	BIOC15APR450.00PE	20	45000	25	45000	100	16.67	100	9.44



अनुवर्ती :
Continuation :

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

10. From the above table, following is noted as regard to dealings of Noticee:
- (a) Noticee has executed non genuine trades in 2 contracts, wherein in all trades of Noticee were non genuine trades.
 - (b) Percentage of non-genuine trades of Noticee in stock options contracts to total trades in the contracts was in the range of 3.85% to 16.67% in the aforesaid contracts. The non-genuine trades of Noticee have significantly contributed to total trades in the market in the above contracts.
 - (c) Percentage of artificial volume generated by Noticee in the contract to the total volume in the contract was in the range of 5.44% to 9.44%. Therefore, substantial volume generated by Noticee in each of the above contracts were artificial volume.
 - (d) Non genuine trades executed by Noticee in above contracts had significant difference in buy rates and sell rates considering that the trades were reversed on same day.
11. In view of the foregoing, it is alleged that Noticee indulged in execution of reversal of trades in Stock Options with same entities on the same day. Such trades are non-genuine in nature and have created false or misleading appearance of trading in terms of artificial volumes in stock options and therefore are alleged to be manipulative and deceptive in nature. In view of the same, it is alleged that Noticee has violated regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003. The text of the aforementioned provisions read as follows:

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 there under;*

Cam



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

(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 and 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;

12. The aforesaid alleged violations, if established, make Noticee liable for monetary penalty under Section 15HA of the SEBI Act, the provisions of which are reproduced hereunder:

¹Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty ²[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].

13. 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 Adjudication Rules read with Section 15-I of the SEBI Act, and why penalty should not be imposed under Section 15HA of the SEBI Act.
14. Your reply, if any, should reach the undersigned through email at somam@sebi.gov.in and dhaneshd@sebi.gov.in within 15 days from the date of receipt of this Notice, failing

sm

¹ Inserted by the SEBI (Amendment) Act, 2002, w.e.f.29-10-2002

² Substituted for the words —twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher || by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014



अनुवर्ती :
Continuation :

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

which it shall be presumed that the allegations levelled in this notice have been accepted by you and that you have waived the notice under rule 4(3) of Adjudication Rules, and the matter would be further proceeded on the basis of the evidence available on record.

15. You may also indicate whether you desire a personal hearing in the matter further, you are required to keep the undersigned informed about 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 / email ids and details of contact persons for records.

SOMA MAJUMDER
ADJUDICATING OFFICER

Enclosures:

Annexure-A	Copy of appointment order dated April 20, 2021
Annexure B	Integrated trade log of all non-genuine trades of Noticee in Stock Option segment of BSE during IP
Annexure-C	Summary of dealings of Noticee in 2 Stock Options contracts in which Noticee allegedly executed reversal trades during the IP

Annexure - A

SECURITIES AND EXCHANGE BOARD OF INDIA

Communication of the Order appointing Adjudicating Officer

1. Whereas the Securities and Exchange Board of India (SEBI) has examined trading in the scrip of Illiquid Stock Options at BSE 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 by the entities mentioned at Annexure A.
3. And whereas the Competent Authority had, in exercise of the powers conferred upon her under Section 15-I(1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred as "the SEBI Rules") read with Section 19 of the SEBI Act, appointed Shri Suresh, B. Menon, Chief General Manager, Shri Amit Pradhan, Chief General Manager, Shri G. Ramar, Chief General Manager, Shri K. Saravanan, Chief General Manager, Ms. Maninder Cheema, Chief general Manager, Shri Prasanta Mahapatra, Chief General Manager, Shri Vijayant Kumar Verma, General Manager, Ms. Soma Majumder, General Manager as Adjudicating Officers vide Order dated April 20, 2021, to enquire into and adjudge under Section 15HA of the SEBI Act for the alleged violations by the Noticees as mentioned at para 2 above. The list of the entities against whom adjudication is approved and the names of the Adjudicating Officers who are appointed to adjudicate against respective entities are listed in Annexure A.
4. The said proceedings of appointment are hereby 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-sections (1) and (2) of Section 15-I of the SEBI Act. The Adjudicating Officer 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 the provisions of Sections 15 HA of the SEBI Act.

Dated at Mumbai, this 26th day of April 2021.



**ROBIN JOSEPH BABY
DEPUTY GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA**

SRNo	Case ID	PAN Number	Entity Name	EFD DO	AO Name
------	---------	------------	-------------	--------	---------

383	210012159	AARHS9Q86F	SUNIL KUMAR LODHA HUF	Shivra Kar	Soma Ma umder
-----	-----------	------------	-----------------------	-------------	---------------

[illegible]

clnt_pan	scripname	buy_quantity	buy_value	avg_buy_rate	sell_qty	sell_value	avg_sell_rate	non_gen_tmx_entity_contract	total_trd_entity_contract	total_no_of_trades_of_the_contract	art_vol_gen_entity_in_contract	total_vol_gen_by_entity_in_contract	total_vol_in_the_contract	prcnt_of_no_gen_trds_entity_total_trds_in_contract	prcnt_of_no_gen_trds_entity_total_trds_in_contract	prcnt_of_art_vol_gen_entity_contract_total_vol_in_contract	prcnt_of_art_vol_gen_entity_contract_total_vol_in_contract
AA RHS908 6F	BAJT15AP R2100.00CE	20000	360000	18	20000	560000	28	2	2	52	40000	40000	735750	100	3.85	100	5.44
AA RHS908 6F	BIOC15AP R450.00PE	45000	900000	20	45000	1125000	25	2	2	12	90000	90000	953000	100	16.67	100	9.44

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Order Reserved on: 11.05.2022

Date of Decision : 13.05.2022

Appeal No. 191 of 2022

Shubham Singhal
Radha Bagh Colony,
Chomu, Jaipur,
Rajasthan – 303 802.

..... Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

... Respondent

Mr. Ashish Sharma, Advocate i/b Jain Sharma & Co.
Chartered Accountants for the Appellant.

Mr. Abhiraj Arora, Advocate with Ms. Anshu Mehta,
Mr. Shourya Tanay and Mr. Harshvardhan Nankani,
Advocates i/b ELP for the Respondent (SEBI).

WITH
Appeal No. 192 of 2022

Goodfaith Infra Ventures Private Limited
48, Dobson Road,
Howrah – 711 101.

..... Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

... Respondent

Mr. Samyak Gangwal, Advocate with Mr. Krishnesh Bapat,
Advocate for the Appellant.

Mr. Gaurav Joshi, Senior Advocate with Mr. Abhiraj Arora,
Ms. Anshu Mehta, Mr. Shourya Tanay and Mr. Harshvardhan
Nankani, Advocates i/b ELP for the Respondent (SEBI).

WITH
Appeal No. 193 of 2022

Kala Patodia
2UG, 31/41, Binova Bhawe Road,
Kolkata – 700 038. Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051. ... Respondent

Mr. Mani Shankar Chattopadhyaya, Advocate for the
Appellant.

Mr. Abhiraj Arora, Advocate with Ms. Anshu Mehta,
Mr. Shourya Tanay and Mr. Harshvardhan Nankani,
Advocates i/b ELP for the Respondent (SEBI).

WITH
Appeal No. 194 of 2022

Sudhir Kumar Saha
244, Lake Town,
Block – A,
Kolkata – 700 089. Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051. ... Respondent

Mr. Varun Nathani, Advocate with Mr. Sukrut Mhatre,
Advocate for the Appellant.

Mr. Abhiraj Arora, Advocate with Ms. Anshu Mehta,
Mr. Shourya Tanay and Mr. Harshvardhan Nankani,
Advocates i/b ELP for the Respondent (SEBI).

WITH
Appeal No. 195 of 2022

Sudhir Kumar Agarwal HUF
A-75, Gandhi Nagar,
Moradabad,
Uttar Pradesh – 244 001.

..... Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

... Respondent

Mr. Shadad M. Khan, Advocate for the Appellant.

Mr. Abhiraj Arora, Advocate with Ms. Anshu Mehta,
Mr. Shourya Tanay and Mr. Harshvardhan Nankani,
Advocates i/b ELP for the Respondent (SEBI).

WITH
Appeal No. 196 of 2022

Aaina Engineering Pvt. Ltd.
9, India Exchange Place,
3rd Floor,
Kolkata – 700 001.

..... Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

... Respondent

Mr. Rajiv Kumar Choudhary, Advocate with Mr. Kailash Dhanuka, Advocate for the Appellant.

Mr. Abhiraj Arora, Advocate with Ms. Anshu Mehta, Mr. Shourya Tanay and Mr. Harshvardhan Nankani, Advocates i/b ELP for the Respondent (SEBI).

WITH
Appeal No. 206 of 2022

Rajendra Kumar Agrawal
HB 30 Salt Lake Block,
HB Premises TO END WORD 17,
Salt Lake S N 24PGS,
Kolkata,
West Bengal – 700 106. Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051. ... Respondent

Mr. Ram Awatar Dhoot, CA i/b R. A. Dhoot & Co. Chartered Accountants for the Appellant.

Mr. Abhiraj Arora, Advocate with Ms. Anshu Mehta, Mr. Shourya Tanay and Mr. Harshvardhan Nankani, Advocates i/b ELP for the Respondent (SEBI).

WITH
Appeal No. 207 of 2022

Rajeev Gupta HUF
R/o G-69, Ashok Vihar,
Phase – I,
New Delhi – 110 052. Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051. ... Respondent

Mr. Mukesh Mohan Goyal, Advocate i/b RG Laws for the Appellant.

Mr. Abhiraj Arora, Advocate with Ms. Anshu Mehta, Mr. Shourya Tanay and Mr. Harshvardhan Nankani, Advocates i/b ELP for the Respondent (SEBI).

WITH
Appeal No. 208 of 2022

Seema Agarwal
FD 356 Salt Lake City,
Sector III, Kolkata,
West Bengal – 700 091.

..... Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

... Respondent

Mr. Ram Awatar Dhoot, CA i/b R. A. Dhoot & Co. Chartered Accountants for the Appellant.

Mr. Abhiraj Arora, Advocate with Ms. Anshu Mehta, Mr. Shourya Tanay and Mr. Harshvardhan Nankani, Advocates i/b ELP for the Respondent (SEBI).

AND
Appeal No. 209 of 2022

Rajendra Kumar Agrawal HUF
HB 30 Salt Lake Block,
HB Premises TO END WORD 17,
Salt Lake S N 24PGS,
Kolkata,
West Bengal – 700 106.

..... Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

... Respondent

Mr. Ram Awatar Dhoot, CA i/b R. A. Dhoot & Co. Chartered Accountants for the Appellant.

Mr. Abhiraj Arora, Advocate with Ms. Anshu Mehta, Mr. Shourya Tanay and Mr. Harshvardhan Nankani, Advocates i/b ELP for the Respondent (SEBI).

CORAM : Justice Tarun Agarwala, Presiding Officer
Justice M.T. Joshi, Judicial Member
Ms. Meera Swarup, Technical Member

Per : Justice Tarun Agarwala, Presiding Officer

1. Even though separate orders have been passed, the issue is common, and accordingly all these appeals are being taken up together.

2. The appeals have been filed against various orders passed by the Adjudicating Officer ('AO' for short) of the Securities and Exchange Board of India ('SEBI' for short) imposing penalty under Section 15HA of SEBI Act, 1992 for violation of Regulation 3 and 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('PFUTP Regulations' for short).

3. After hearing various counsels for the appellants we find that the controversy involved in the present appeals is squarely covered by the decision of this Tribunal in *Global*

Earth Properties and Developers Pvt. Ltd. vs. SEBI, Appeal No. 212 of 2020 decided on September 14, 2020.

4. The learned counsel for the appellants tried to distinguish the said decision of this Tribunal on various grounds, namely, that the provisions of Section 15HA of SEBI Act is not applicable in view of the fact that appellant is not responsible for carrying out these transactions on an anonymous platform in as much as it was the broker who was responsible and who should have also been impleaded as a party and consequently the proceedings should be dismissed for non-joinder of necessary parties. Some of the appellants also contended that the investigation report was not supplied and in view of the latest decision of the Supreme Court in the matter of ***T. Takano vs Securities and Exchange Board of India & Anr. (Civil Appeal Nos. 487 - 488 of 2022) decided on February 18, 2022*** the impugned order should be set aside and the respondent should be directed to supply the investigation report before proceeding further. It was also urged that the penalty imposed is excessive and arbitrary and does not commensurate with the violation. It was contended that only one or two trades were made for which a heavy penalty has been imposed and that the factors contained under

Section 15J has not been taken into consideration while adjudging the quantum of penalty. It was also urged that some of the AOs have exonerated certain entities and persons for the similar offence on the ground that the alleged trades were miniscule and did not create an impact. One of the appellants contended that the presumption drawn by the AO was wholly erroneous and against the directions given by the Supreme Court in the case of *Securities and Exchange Board of India vs Kishore R. Ajmera* [(2016) 6 SCC 368] and in the case of *Balram Garg vs Securities and Exchange Board of India in Civil Appeal No. 7054 of 2021 decided recently on April 19, 2022*.

5. Having heard the learned counsel for the parties at some length, we find that the admitted position in all these appeals is, that appellants have not disputed the execution and subsequent reversal of trades as alleged in the show cause notice. We find that the execution of trades in an illiquid market with such precision in order placement indicates a prior meeting of minds with a view to execute reversal trades at predetermined price. We also find that there is a significant price difference between the sell price and the buy price within minutes and sometimes within seconds. This indicates

that the impugned transactions were manipulative and was a deceptive device to create a desired loss and/or profit. Such transactions were fraudulent and, therefore, violative of Regulation 3 and 4 of the PFUTP Regulations. Thus, it is not necessary for this Tribunal to delve into the assertions raised by the appellants. All the appeals fail and are dismissed in the light of the decision of this Tribunal in the matter of ***Global Earth Properties and Developers Pvt. Ltd. (supra)***.

6. However, before parting we would like to say that a large numbers of appeals are being filed on the same issue on a daily basis. We find that SEBI had made an investigation which revealed that thousands of entities were indulging in reversal trades which were found to be non-genuine trades and a misuse of the Stock Exchange platform. SEBI accordingly initiated penalty proceedings in a large number of matters in which penalties were imposed, against which large number of appeals were filed which were decided by this Tribunal in ***Global Earth Properties and Developers Pvt. Ltd. (supra)***.

7. We are informed that SEBI has initiated proceedings against 14720 entities which are pending before various AOs which have clogged up their dockets.

8. In the past when appeals against these kind of orders being passed we had directed SEBI by our order dated October 14, 2019 that SEBI should explore and come out with some mechanism or a scheme such as a Lok Adalat so that parties could settle the matter. Based on the directions given by this Tribunal, SEBI came out with a settlement scheme in August 2020 which was framed under the SEBI (Settlement Proceedings) Regulations, 2018 ('Settlement Regulations, 2018' for short). This scheme came to an end in December 2020. This scheme was not successful for two reasons, namely, that the terms of settlement perhaps were onerous, stringent and unviable and further the scheme was issued during the peak of the Covid pandemic.

9. We find that as on date more than 14,000 matters are pending before various AOs. Their dockets are exploding and the disposal of these matters will take atleast a couple of years. As a result, all the AOs are over worked, their dockets are clogged and serious matters are given a back seat.

10. We also find that in a large number of cases the AOs have exonerated the noticees or have imposed lesser penalty based on which, appeals are being filed before this Tribunal seeking reduction in the quantum of penalty.

11. In this regard the penalty which is being imposed is under 15HA of the SEBI Act which prescribes a minimum penalty of Rs. 5 lakh. This provision was amended on September 8, 2014 by Act No. 27 of 2014. Most of the trades in this illiquid stock option matters are during the period 2014-15. We find that where transaction were executed prior to September 8, 2014 the AOs have imposed a penalty of Rs. 1 lakh and on similar trades executed after September 8, 2014 a penalty of Rs. 5 lakh have been imposed. Thus, on the same set of violation two quantum of penalties are being imposed, Rs. 1 lakh and / or Rs. 5 lakh or more as the case may be. This has created an anomalous situation and is a bit unfair.

12. Section 15JB of the SEBI Act provides for settlement of administrative and civil proceedings. For facility, the said provision is extracted here under:-

Settlement of administrative and civil proceedings.

"15JB. (1) Notwithstanding anything contained in any other law for the time being in force, any person, against whom any proceedings have been initiated or may be initiated under section 11, section 11B, section 11D, sub-section (3) of section 12 or section 15-I, may file an application in writing to the Board proposing for settlement of the proceedings initiated or to be initiated for the alleged defaults.

(2) The Board may, after taking into consideration the nature, gravity and impact of defaults, agree to the proposal for settlement, on payment of such sum by the defaulter or on such other terms as may be determined by the Board in accordance with the regulations made under this Act.

(3) The settlement proceedings under this section shall be conducted in accordance with the procedure specified in the regulations made under this Act. (4) No appeal shall lie under section 15T against any order passed by the Board or adjudicating officer, as the case may be, under this section."

13. The said provision starts with a non-obstante clause, namely, "*notwithstanding anything contained in any other law for the time being in force*". Where any proceedings have been initiated under the SEBI Act, any person may file an application for settlement of the proceedings. Section 15JB(3) provides that settlement proceedings would be conducted in accordance with the procedure specified in the Regulations. Chapter II provides the procedure for filing 'Application for Settlement', Chapter III provides the 'Scope of Settlement, Chapter IV provides the 'Terms of Settlement', Chapter V provides the constitution of a High Powered Advisory Committee which recommends the terms of settlement and Chapter VI provides the 'Procedure for Settlement'. The procedure envisaged under the settlement rules is thus complicated and at times the terms of settlement becomes stringent.

14. The settlement scheme that was issued in August 2020 under Chapter VI of the aforesaid Settlement Regulations, 2018 did not generate interest to these small time noticees who had executed few trades for small gains as the proposed settlement terms were found to be stringent, onerous and unviable and that could be one of the reason why many noticees did not opt under that scheme.

15. We, however, find that the respondent could still initiate another scheme under Clause 26 of the Settlement Regulations, 2018. For facility, the said provision is extracted here under:-

Settlement of Schemes.

“26. Notwithstanding anything contained in these regulations, the Board may specify the procedure and terms of settlement of specified proceedings under a settlement scheme for any class of persons involved in respect of any similar specified defaults.

Explanation.- A settlement order issued under a Settlement scheme shall be deemed to be a settlement order under these regulations.”

16. The aforesaid provision also starts with a non-obstante clause, namely, “*notwithstanding anything contained in these regulations*” that is to say, notwithstanding the procedure provided under Chapter II, III, IV, V and VI the Board could specify the procedure and terms of settlement of specified

proceedings under a settlement scheme for any class or persons involved in respect of any similar specified defaults. 'Specified proceedings' has been defined under Section 2(f) of the Settlement Regulations, 2018, namely, the proceedings that have been initiated by SEBI under the SEBI Act, Securities Contracts (Regulation) Act, 1956 or Depositories Act, 1996 as the case may be. 14,000 odd cases have been initiated under the illiquid stock option matters wherein similar kind of transaction have been executed and similar violation is proposed against all these noticees under Regulation 3 and 4 of the PFUTP Regulations. These 14,000 entities form a class of persons and are involved for similar defaults. Therefore, in our opinion, the Board can specify a procedure and terms of settlement for these classes of persons under Clause 26 of the Settlement Regulations, 2018.

17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty

proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.

18. While considering the scheme SEBI should take into consideration the provision of Section 15HA of SEBI Act prior to the amendment made by Act No. 27 of 2014 with effect from September 8, 2014. We find that various AOs have imposed a sum of Rs. 1 lakh for similar trades which were executed prior to September 8, 2014 and Rs. 5 lakh have been imposed for similar trades after the amendment of September 8, 2014.

19. SEBI should also take into consideration that only a few trades were executed for small gains and some of the AOs have exonerated these noticees on the ground that such miniscule trades did not create any impact.

20. We also request SEBI that while framing a scheme under the Settlement Regulations, 2018 it may also take into consideration the reduction of the quantum of penalty imposed in matters decided so far.

21. We direct the Registrar of this Tribunal to send a certified copy of this order to the Chairperson of SEBI within a week for necessary information and action.

22. This order will be digitally signed by the Private Secretary on behalf of the bench and all concerned parties are directed to act on the digitally signed copy of this order. Certified copy of this order is also available from the Registry on payment of usual charges.

Justice Tarun Agarwala
Presiding Officer

Justice M.T. Joshi
Judicial Member

Ms. Meera Swarup
Technical Member

13.05.2022
msb

RAJALA Digitally signed
KSHMI by RAJALA KSHMI
H NAIR H NAIR
Date: 2022.05.13
16:07:27 +05'30'



405 48

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

DEPUTY GENERAL MANAGER &
ADJUDICATING OFFICER

SEBI/HO/SEBI/SEBI/P/OW/20220000041286/1

August 11, 2022

SUZLON SECURITIES PVT LTD [PAN: AANCS5746H]
294B, KALBADEVI ROAD, 1ST FLOOR,
OFF NO 07 GOVINDWADI, MUMBAI,
MAHARASHTRA-400002
9425064757,
Email: cstanay@yahoo.in

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).
3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/Annexure 1). The reversal trades involved squaring off trades

सर्वा भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा-कुर्ली कॉम्प्लेक्स, बांद्रा (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 Bhawan, Plot No. C4-A, 'G' Block Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

Tel: 2644 9950 / 4045 9950 (VRS), 2644 9000 / 4045 9000 Fax: 2644 9019 to 2644 9022 Web: www.sebi.gov.in





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

(either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.

4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (SEBI Act) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at Annexure 2.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at Annexure 3. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at Annexure 4.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.
7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

"Penalty for fraudulent and unfair trade practices.

15HA. 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





अनुवर्ती :
Continuation :

48 46

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

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."

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (Annexure 5), wherein the following directions were issued to SEBI:

"17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs."
(Emphasis Supplied)

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 28, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to





अनुवर्ती :
Continuation :

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

the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.

11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

BENOY MELSHIYAR
ADJUDICATING OFFICER



Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

Outward No. 36718/2022

5/8/2022

MOUNTVIEW BARTER PVT LTD

PAN: AAGCM1027L

FAIRLIE PLACE ROOM NO 5 4 FAIRLIE
PLACE KOLKATA WEST BENGAL INDIA

Email Address: MOUNTVIEW.30031995@GMAIL.COM

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding
Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in
Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).



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



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in columns **B, E/G, M, P** and **Z** respectively of the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and





अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

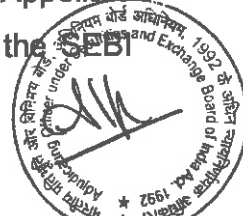
(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the **SEBI**





अनुवर्ती :
Continuation :

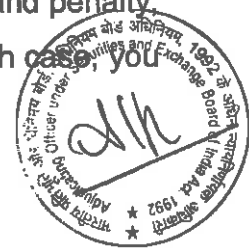
**भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India**

Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you

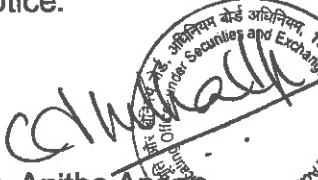




अनुवर्ती :
Continuation :

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

are called upon to file your reply within 30 days of receipt of this Show Cause Notice.


Dr. Anitha Ande
ADJUDICATING OFFICER

- Enclosures:
- 1) Annexure 1 - Relevant Extract of Investigation Report
 - 2) Annexure 2 - Copy of the communication appointing the Adjudicating Officer
 - 3) Annexure 3 - Details of all the reversal trades of the Noticee
 - 4) Annexure 4 - Summary of reversal trades of the Noticee
 - 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022



भारतीय प्रतिभूति 785
और विनियम बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER
ENQUIRIES AND ADJUDICATION DEPARTMENT-5

EAD5/AA/PR/2022/44931

August 30, 2022

PARAMJYOTI TRADELINKS PVT LTD

PAN: AAGCP2758K

7, Grant Lkane, 3rd Floor,
Kolkata, West Bengal, India

Email Address: e_solutions91@yahoo.in

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding
Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings
in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

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

Page 1 of 5
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
**Securities and Exchange
Board of India**

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in columns **B, E/G, M, P** and **Z** respectively of the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby,



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”
(Emphasis Supplied)

PART – B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (Annexure 5), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” (Emphasis Supplied)



अनुवर्ती :
Continuation :

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

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

** You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.*

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations

From: ANITHA ANOOP
Sent: 08/08/2022 13:25
To: e_solutions91@yahoo.in
Cc: Pooja Rai
Subject: Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE
Attachments: Annexure-2.pdf; A -3.xlsx; A -4.xlsx; Annexure 1- Relevant portion of Investigation Report.pdf; Annexure 5 - SAT Judgment Dated 13.05.2022.pdf

Tracking:	Recipient	Delivery
	e_solutions91@yahoo.in	
	Pooja Rai	Delivered: 08/08/2022 13:25

PARAMJYOTI TRADELINKS PVT LTD

PAN: AAGCP2758K

7, Grant LKane 3rd Floor KOLKATA WEST BENGAL
INDIA

Email Address: e_solutions91@yahoo.in

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (**SEBI**) has initiated Adjudication Proceedings against you (**Noticee**), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (**Adjudication Rules**) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (**PFUTP Regulations**), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (**BSE**).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at **Annexure 1**).
3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

"17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs." (Emphasis Supplied)

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in

regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in .

12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.
13. Kindly acknowledge receipt of this email.

Dr. Anitha Anoop

ADJUDICATING OFFICER

Enclosures: 1) Annexure 1 - Relevant Extract of Investigation Report

2) Annexure 2 - Copy of the communication appointing the Adjudicating Officer

3) Annexure 3 - Details of all the reversal trades of the Noticee

4) Annexure 4 - Summary of reversal trades of the Noticee

5) Annexure 5 - Copy of SAT judgment dated May 13, 2022



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/AE/37446/2022

06/08/2022

TIRUPATI LOGISTIC

PAN: AAFT8280B

OPPOSITE KALYAN PETROL PUMP
PANNA NAKA SATNA-485001 SATNA
MADHYA PRADESH INDIA

Email: neer_agar@rediffmail.com

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

Sam



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER

ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures: CD containing the following annexures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

SM



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/AE/37663/2022

06/08/2022

TRIPTA SHROFF

PAN: AEMPG2623P

CENTRE 33A, J. L NEHRU RD 7TH
FLOOR ROOM NO 14A KOLKATA WEST
BENGAL -700071

Email: apextrade@vsnl.net

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

सम



अनुवर्ती :
Continuation :

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

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

SM



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER

ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures: CD containing the following annexures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

Sm



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/DD/34531/2022

04/08/2022

TRISHUL GEM JEWELLERY PRIVATE LIMITED

PAN: AADCT3937F

CO.- SURAJ VERMA, HOOGHLY
STATION, LOHAR PARA, P.O.- BANDEL,
DIST.- HOOGHLY, HOOGHLY-712123
KOLKATA WEST BENGAL 712123

Email: AGARWALP678@GMAIL.COM

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding
Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in
Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

SM

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (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



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

SM



अनुवर्ती :
Continuation :

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

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

SM



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER

ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures: CD containing the following annexures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

Sm



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/AE/36543/2022

05/08/2022

UMESH JAYANTILAL DESAI

PAN: ABCPD9261H

201 SAMATVA APPT 62 VASANTKUNJ
SOC NEW SHARDA M ROAD PALDI
AHMEDABAD 380006 AHMEDABAD
GUJARAT -380006

Email: JB_ENTERPRISE_45@YAHOO.COM

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding
Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in
Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

"Penalty for fraudulent and unfair trade practices.

15HA. 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."

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

"17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs." *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

SM



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER
ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures: CD containing the following annexures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

Gm



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/AD/37557/2022

06/08/2022

UTTAM DEALERS PVT LTD

PAN: AABCU1506F

63 RADHA BAZAR STREET 1ST FLOOR
KOLKATA 700001 KOLKATA WEST
BENGAL 700001

Email: uttamdealers2015@rediffmail.com

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

sm

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



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER

ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures: CD containing the following annexures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/AD/40455/2022

10/08/2022

VIDHU SHEKHAR SINGH

PAN: BGKPS2192E

C-5 DILKUSHA COLONY LUCKNOW,
LUCKNOW, UTTAR PRADESH, 226001

Email: vidhushekharsingh58@gmail.com

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (**SEBI**) has initiated Adjudication Proceedings against you (**Noticee**), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (**Adjudication Rules**) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (**PFUTP Regulations**), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (**BSE**).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at **Annexure 1**).

Sm



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

Sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

cm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER
ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

SM



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D./Email

ADJUDICATING OFFICER

EAD-10/SM/AD/40528/2022

10/08/2022

VIDYAVARIDHI DEALTRADE PRIVATE LIMITED

PAN: AADCV5566C

CO.-PAPPU SINGH, HOOGHLY
STATION, ADARSH NAGAR, NUTUN
PARA, P.O.-NALDANGA, DIST.-
HOOGHLY, HOOGHLY-712123 KOLKATA
WEST BENGAL 712123

Email: AGARWALP678@GMAIL.COM

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

PART - A

1. Securities and Exchange Board of India (SEBI) has initiated Adjudication Proceedings against you (Noticee), under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Adjudication Rules) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations), in the matter of trading in illiquid stock options at Bombay Stock Exchange Ltd. (BSE).
2. SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at Annexure 1).

Sm

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



अनुवर्ती :
Continuation :

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

3. Pursuant to investigation, it was observed that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report/**Annexure 1**). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. You are one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors indicate that these trades were allegedly artificial and non- genuine in nature.
4. In this connection, the undersigned was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**.
5. All the entities identified by the investigation including you, indulged in reversal trades. Your trade details including the trade dates, name of the counterparties, time, price and volume are available in the Reversal Trade Data placed at **Annexure 3**. Additionally, a summary of your reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 4**.
6. In view of the above, it is alleged that the Noticee herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.

SM



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

“Penalty for fraudulent and unfair trade practices.

15HA. 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.”

(Emphasis Supplied)

PART - B

8. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 5**), wherein the following directions were issued to SEBI:

“17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs.” *(Emphasis Supplied)*

9. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The said scheme proposes payment of Settlement Amount as per the details given below:

sm



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

S No	Number of Contracts*	Settlement Amount (Rs.)
1	1-5	1,00,000/-
2	6-50	2,00,000/-
3	51 and above	5,00,000/- base amount + 10,000 per contract

* You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.

10. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.
11. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in.
12. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings in respect of the allegations contained in Part A of the SCN shall resume. Accordingly, an inquiry shall be held against you in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, shall be imposed under section 15HA of the SEBI Act. In such case, you are called upon to file your reply within 30 days of receipt of this Show Cause Notice.

SOMA MAJUMDER

ADJUDICATING OFFICER



अनुवर्ती :
Continuation :

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

Enclosures:

- 1) Annexure 1 - Relevant Extract of Investigation Report
- 2) Annexure 2 - Copy of the communication appointing the
Adjudicating Officer
- 3) Annexure 3 - Details of all the reversal trades of the Noticee
- 4) Annexure 4 - Summary of reversal trades of the Noticee
- 5) Annexure 5 - Copy of SAT judgment dated May 13, 2022

SM