BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/YK/2025-26/31836]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of:
Aditya Dhabria
(PAN: AGHPD0399N)

In the matter of dealing in Illiquid Stocks Options on BSE

BACKGORUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), observed large scale reversal of trades in the Illiquid Stock Options (hereinafter also referred to as "**ISO**") at BSE Ltd. (hereinafter referred to as "**BSE**") leading to creation of artificial volume. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in ISO at BSE for the period starting from April 1, 2014 to September 30, 2015 (hereinafter referred to as **"IP**").

2. Investigation by SEBI revealed that during the IP, a total of 2,91,643 trades comprising 81.38% of all the trades executed in stock options segment of BSE were trades involving reversal of buy and sell positions by the clients and counterparties in a contract. In these trades, entities reversed their buy or sell position in a contract with subsequent sell or buy position with the same counter party. These reversal trades were alleged to be non-genuine as they lacked basic trading rationale and allegedly portrayed false or misleading appearance of trading leading to creation of artificial volume in those contracts. In view of the same, such reversal trades were alleged to be deceptive and manipulative in nature.

3. During the IP, 14,720 entities were found to have executed non-genuine trades in BSE's stock options segment. It was observed that Aditya Dhabria (hereinafter referred to as the **"Noticee"**) was one of the entities who indulged in execution of reversal trades in stock options segment of BSE during the IP. His trades were alleged to be non-genuine in nature which created false or misleading appearance of trading in terms of artificial volumes in stock options. Therefore, his trades were alleged to be manipulative and deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for alleged violation of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

APPOINTMENT OF ADJUDICATING OFFICER

4. Pursuant to transfer to the cases from erstwhile Adjudicating Officer (hereinafter referred to as "**AO**"), the undersigned was appointed as AO in the matter vide communiqué dated April 04, 2025, under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **"SEBI Act**") read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **"Rules"**), to inquiry into and adjudge under the provisions of section 15HA of the SEBI Act for the alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice dated September 30, 2021 (hereinafter referred to as "**SCN**") was served to the Noticee under rule 4(1) of Rules to show cause as to why an inquiry should not be held and penalty, if any, should not be imposed upon him for the alleged violations of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations.

6. It was alleged in the SCN that the Noticee was indulged in reversal and non-genuine trades and details of the trades including the trade dates, name of the

counterparties, time, price and volume, etc., were provided to the Noticee as Annexure to the SCN.

7. The SCN was duly served upon the Noticee through Speed Post Acknowledgement Due (hereinafter referred to as **"SPAD"**). Noticee vide e-mail dated November 09, 2021 requested inspection of documents and submitted that the SCN was issued after a gap of more than 6 years from the date of alleged trades in ISO, therefore, the SCN should be disposed of considering the inordinate delay in initiation of proceedings by SEBI. The Noticee had also relied on the orders of Hon'ble SAT in the matter of Ashok Shivlal Rupani & Anr. v. SEBI[1], Rakesh Kathotia v. SEBI[2], Aditi Dalal v. SEBI[3], H B Stockholdings v. SEBI[4], Khandwala Securities Ltd. v. SEBI and the order of Hon'ble Supreme Court in the matter of State of Gujarat v. Patel Raghav, Natha[5].

8. Thereafter, vide e-mail dated November 10, 2021, office of erstwhile AO informed Noticee that all the relevant documents and records relied upon in the SCN were already provided to the Noticee as annexures to the SCN and accordingly, the request for the inspection of the documents was not acceded to. Noticee was further advised to file his reply to the SCN, if any, by November 30, 2021 which was extended to December 15, 2021 at the request of the Noticee. Vide e-mail dated December 15, 2021, Noticee submitted as under:

"Contract Name: PTC115APR80.00PEW4 entered on 30.03.2015
(a)Time difference between my sell order and buy order
W.r.t. allegation of reversal of trades, I would like to mention that there is time gap between my sell order and buy order. My sell order was entered at 13:34:53 hours and my buy order was entered at 13:42:04 hours. Hence, there was a time gap of around 8 minutes between my sell order and buy order, in which other traders had an opportunity to enter in the contract. It is pertinent to note that there was no immediate reversal of my orders, there was a time gap of around 8 minutes between my sell order and buy order, which proves that I had no intention to reverse my trades. As I understand from the limited knowledge I possess, in the instant case, reversal trades can only be alleged when the trades, i.e., sell and buy

[1] *Appeal No. 417 of 2018 dated August 22, 2019*
[2] *Appeal No. 07 of 2016 dated May 27, 2019*
[3] *Appeals Nos. 143, 147 and 148 of 2011 dated November 28, 2011*
[4] *Appeal no. 114 of 2012*
[5] *AIR 1969 SC 1297*

order are executed within seconds from one another. Therefore, sell and buy order which are placed around 8 minutes apart from each other cannot be alleged to be reversal trades.

(b) Further, I would like to mention that SEBI has not provided me with the market Order log file for 30.03.2015 for the contract executed on the relevant date hence I cannot ascertain as to the no. of orders which were placed during 30.03.2015 specifically during the intervening period of time when I placed my sell order and buy order in relevant contract.

3. It is submitted that my alleged 2 trades out of 2,91,643 trades constitutes very negligible% (almost 0%) and alleged volume of 96,000 units out of 826.21 crore units volume constitutes very miniscule and meagre volume. Thus the alleged number of trades and volume executed by me is very small and negligible percentage of market trades/volume so as to sustain any allegation of execution of non-genuine trades and artificial volume as levelled against me.

4. No adverse orders against Counter Party
It is pertinent to note that even in the SCN there is no allegation of any connection with Meet Mehta (HUF) or the counter party broker.

I understand from the website of SEBI that no proceedings have been initiated by SEBI against Meet Mehta (HUF). Hence, I request your kind selves to kindly keep my present proceedings in abeyance till the time proceedings are concluded against Meet Mehta (HUF). Further, I also request your kind selves to provide us correspondences exchanged or an opportunity to cross examine my counterpart, viz., Meet Mehta (HUF) in the caption matter of present proceedings.

5. With regard to matching of 1 contract with 1 counter party client, reliance is placed on the Order dated 11.10.2010 passed by Hon'ble Securities Appellate Tribunal ('Tribunal') in the case of M/s. Rakhi Trading Pvt. Ltd. v. SEBI wherein under para 3 (Internal Page No. 4) of the Order it is mentioned that:

"It was observed that the appellant in these transactions had operated through Prashant Jayantilal Patel as its broker and the counter party was Kasam Holding Pvt. Ltd. which executed these transactions through Vibrant Securities Pvt. Ltd. as its broker. One single transaction carried out on a different underlying variable with a different counter party broker (Spark Securities Pvt. Ltd.) trading in its proprietary account was not pressed against the appellant."

6. Pertinently all trades executed by me were within prescribed circuit limits, within the framework of checks and balances and under the watchful eyes of surveillance system of BSE/SEBI. Importantly, no trading rule of BSE was violated by me and accordingly the same is not mentioned in the SCN.

7. Appellant came to know about, name of counter-party on receipt of SCN dated 30.09.2021. However, no evidence of any collusion is been furnished, leave alone *established. In the SCN itself it is mentioned that F&O segment of BSE was illiquid- it meant that there were few participants and therefore same party was likely to be counter-party in the subsequent transaction.*

8. As per SEBI's order dated 05.04.2018, it is observed that about 14,720 entities are involved in the trading in F&O trading on BSE during the investigation period. It is therefore surprising as to how come such a large number of persons could have done alleged wrongdoing, could have misunderstood the whole process and participated in alleged non-genuine trades. Pay-in & pay-out of funds took place through clearing corporation of BSE. It appears that no collusion or co-operation in purported non-genuine trades even between two parties is shown in the said order. While trades are faulted post-trade activities are not. It is therefore strange to consider that such a large number of persons trading which was within the framework of checks and balances and made on-line surveillance of BSE and SEBI could be treated as non-genuine in a seeping; general way belatedly.

9. Trading in the alleged contracts was executed on the trading terminals of BSE (BOLT) which operated under ISO certified sophisticated surveillance system. Besides BSE had introduced system of providing 'Transactional alerts' on daily basis to the trading members/ stock Brokers as mentioned in the notices dated 20.02.2013 and 07.03.2013 issued by BSE. Incidentally, at the relevant time and thereafter also, BSE/Stock Broker has not alerted or cautioned me for execution of alleged trades.

10. It is pertinent to further note that BSE has considered my transactions in BSE options contracts as legal and has never raised any suspicion or queries w.r.t. my said transactions. In order to prove my bonafide and for ascertaining the validity of transactions, I request your kind selves to summon and enforce the attendance of any person from BSE acquainted with the facts and circumstances of the case to give evidence or to produce any document which, in the opinion of your kind selves may be useful for or relevant to, the subject-matter of the inquiry (Ref: Rule 4(6) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995). For ready reference, Rule 4(6) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 is reproduced herein below:
"(6) While holding an inquiry under this rule the 15 [the Board or the adjudicating officer] shall have the power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which, in the opinion of the [the Board or the adjudicating officer], may be useful for or relevant to, the subject- matter of the inquiry."

Further, I also request your kind selves to grant me liberty to enquire with BSE w.r.t. the validity of my transactions in options segment of BSE.

I submit that the aforesaid will be extremely crucial in proving my bonafide w.r.t. my dealing in options segment of BSE.

11. In view of my aforesaid submissions and submissions made by my letters dated 09.11. 2021.I deny alleged violation of provisions of Regulation 3 (a), (b), (c), (d), Regulations 4(1), 4 (2)(a) of SEBI (PFUTP) Regulations."

9. Vide Post SCN Intimation (hereinafter referred to as **"PSI"**) dated August 03, 2022, Noticee was informed that SEBI had introduced a Settlement Scheme, i.e., SEBI Settlement Scheme, 2022 (hereinafter referred to as **"Settlement Scheme 2022"**) in terms of regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as **"Settlement Regulations"**). It was informed that the Settlement Scheme 2022 provides a one-time opportunity to the entities against whom proceedings were initiated and appeals against the said proceedings were pending. The scheme commenced from August 22, 2022 and remained open for a period of 3 months. Later, the applicable period of the Settlement Scheme 2022 was extended to January 21, 2023 by SEBI.

10. It was observed that Noticee did not avail the Settlement Scheme 2022, therefore, the adjudication proceedings against him were resumed. Vide notice of hearing dated May 19, 2023 and August 04, 2023, Noticee was granted two opportunities of hearing on June 21, 2023 and August 23, 2023. However, Noticee requested adjournment of hearing on both occasions. Subsequently, a second PSI dated March 05, 2024 was issued to the Noticee, wherein it was informed that SEBI introduced another Settlement Scheme, i.e., SEBI Settlement Scheme, 2024 (hereinafter referred to as "**Settlement Scheme 2024**") in terms of regulation 26 of Settlement Regulations. The applicable period of the scheme was March 11, 2024 to May 10, 2024. The second PSI was served to the Noticee through SPAD and email. Later, the applicable period of the Settlement Scheme 2024 was extended to June 10, 2024 by SEBI.

11. It was observed that Noticee did not avail the Settlement Scheme 2024, therefore, the adjudication proceedings against him were resumed. Pursuant to appointment of the undersigned as AO, vide notice of hearing dated June 23, 2025, Noticee was granted a fresh opportunity of hearing on July 09, 2025 which was adjourned

to July 17, 2025. On July 17, 2025, Noticee appeared for the hearing through video-conferencing and reiterated the submissions made in his reply.

CONSIDERATION OF ISSUES AND EVIDENCE

12. I have perused the allegations levelled against the Noticee in the SCN, his reply, submissions made during personal hearing and the material available on record. In the instant matter, the following issues arise for consideration and determination:

    I. Whether the Noticee violated regulations 3(a), (b), (c), (d) and 4(1) and 4(2)(a) of PFUTP Regulations?

    II. Do the violations, if any, on part of the Noticee attract monetary penalty under section 15HA of SEBI Act?

    III. If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

13. Before proceeding further, it is pertinent to refer to the relevant provisions of PFUTP Regulations which are alleged to have been violated by the Noticee, as under:

Relevant provisions of PFUTP Regulations:

"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 recognised 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;

(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 recognised 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 recognised stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder."

"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;"*

Issue No. 1: Whether the Noticee violated provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations?

14. Before proceeding to the merits of the case, it is appropriate to deal with the preliminary issue raised by the Noticee that the SCN was issued after a gap of more than 6 years from the date of alleged trades in ISO and therefore, the SCN should be disposed of considering the inordinate delay in initiation of proceedings by SEBI. The Noticee had also relied on the orders of Hon'ble SAT in the matter of in the matter of Ashok Shivlal Rupani & Anr. v. SEBI, Mr. Rakesh Kathotia v. SEBI, Aditi Dalal v. SEBI, H B Stockholdings v. SEBI, Khandwala Securities Ltd. v. SEBI and the order of Hon'ble Supreme Court in the matter of State of Gujarat v. Patel Raghav, Natha.

15. In this regard, I note that pursuant to a preliminary examination conducted in the ISO matter, an Interim Order was passed by SEBI on August 20, 2015 which was confirmed vide Orders dated July 30, 2016 and August 22, 2016. Meanwhile, SEBI initiated an investigation relating to stock options segment of BSE which was completed in the year 2018. The investigation revealed that 14,720 entities were involved in executing non-genuine trades in BSE's stock options segment during the IP. The proceedings initiated vide the aforementioned Interim Order were disposed of vide Final Order dated April 05, 2018, *inter alia*, considering that appropriate action was initiated against the said 14,720 entities in a phased manner. During the course of hearing in the case of R. S. Ispat Ltd v. SEBI, the Hon'ble SAT, vide its Order dated October 14, 2019, *inter alia*, observed that "*SEBI may consider holding a Lok Adalat or adopting any other alternative dispute resolution process with regard to the Illiquid Stock Options*".

16. A Settlement Scheme was framed under the Settlement Regulations, which provided one-time opportunity for settlement of the proceedings in the Illiquid Stock Options matter. The said scheme was kept open from August 01, 2020 to December 31, 2020. Adjudication proceedings were initiated against those entities

who had not availed of the opportunity of settlement in the said scheme. Further, another settlement scheme, i.e., Settlement Scheme 2022 was brought into force from August 22, 2022 to January 21, 2023. Finally, a third settlement scheme, i.e., Settlement Scheme 2024 was offered from March 11, 2024 to June 10, 2024.

17. It is further noted that there are no timelines prescribed in the SEBI Act for the purpose of identifying trades as non-genuine. In this regard, it is pertinent to note that, in the matter of SEBI v. Bhavesh Pabari[6], the Hon'ble Supreme Court, *inter alia*, held that: "*There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc.*"

18. Pursuant to appointment of AO on July 27, 2021, SCN dated September 30, 2021 was issued to the Noticee. Thereafter, Noticee was also informed regarding Settlement Scheme 2022 vide PSI dated August 03, 2022, however, Noticee did not avail the said settlement scheme. In between, Noticee was also granted two opportunities of hearing on June 21, 2023 and August 23, 2023. However, Noticee sought adjournments. Subsequently, the Noticee was informed regarding the Settlement Scheme 2024, vide PSI dated March 05, 2024. Since the Noticee failed to avail the settlement schemes, the adjudication proceedings initiated against him were resumed and pursuant to appointment of the undersigned as AO, vide notice of hearing dated June 23, 2025, Noticee was granted an opportunity of hearing on July 09, 2025 which was extended to July 17, 2025 and the same was availed by Noticee. Hence, considering the narration of facts in the foregoing paragraphs, I note that there has been no inordinate delay in initiation of the proceedings as contended by the Noticee.

19. I note that it was alleged in the SCN that the Noticee, while dealing in the stock options contracts at BSE during the IP, had executed reversal trades which were

[6] *(2019) SCC Online SC 294*

allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock options contracts at BSE. The said reversal trades were alleged to be non-genuine trades as they were not executed in the normal course of trading, lack basic trading rationale, lead to false or misleading appearance of trading in terms of generation of artificial volumes and hence, were deceptive and manipulative.

20. It was alleged that the Noticee was one of the entities who had indulged in creating artificial volume of 1,77,000 units through 8 non-genuine trades in 3 stock options contracts during the IP. The summary of trades is given below:

Table No. 1

Contract name	**Avg. buy rate (₹)**	**Total buy volume (no. of units)**	**Avg. sell rate (₹)**	**Total sell volume (no. of units)**	**% of Artificial volume generated by the Noticee in the contract to Noticee's Total volume in the contract**	**% of Artificial volume generated by the Noticee in the contract to Total volume in the contract**
A	**B**	**C**	**D**	**E**	**F**	**G**
CENT15APR680.00PEW2	46	4,500	95	4,500	100%	47.37%
PTCI15APR80.00PEW1	8.2	36,000	3.75	36,000	100%	100%
PTCI15APR80.00PEW4	8.2	48,000	3.4	48,000	100%	100%

21. To illustrate, on March 30, 2015, the Noticee, at 13:38:12 hours, entered into a buy trade in a contract, viz., 'PTCI15APR80.00PEW4' with counterparty 'Meet Mehta (HUF)' for 48,000 units at Rs. 8.2/- per unit. On the same day, at 13:42:05 hours, Noticee entered into a sell trade with the same counterparty for 48,000 units at Rs. 3.4/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 buy trade and 1 sell trade) with same counterparty, viz., Meet Mehta (HUF) on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's two trades while dealing in the aforesaid contract during the IP generated artificial volume of 96,000

units, which made up 100% of total market volume in the said contract during this period.

22. Similarly, on March 30, 2015, the Noticee, at 14:31:44 hours, entered into sell trades in a contract, viz., 'CENT15APR680.00PEW2' with counterparty 'Gaurav Kumar Surya' for 1,500 units and 3,000 units at Rs. 95/- per unit. On the same day, at 14:34:02 hours, Noticee entered into a buy trade with the same counterparty for 4,500 units at Rs. 46/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 3 trades (1 buy trade and 2 sell trades) with same counterparty, viz., Gaurav Kumar Surya on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's 3 trades while dealing in the aforesaid contract during the IP generated artificial volume of 9,000 units, which made up 47.37% of total market volume in the said contract during this period.

23. Likewise, on March 30, 2015, the Noticee, at 14:01:58 hours and 14:02:00 hours, entered into buy trades in a contract, viz., 'PTCI15APR80.00PEW1' with counterparty 'Meet Mehta (HUF)' for 32,000 units and 4,000 units respectively at Rs. 8.2/- per unit. On the same day, at 14:06:28 hours, Noticee entered into a sell trade with the same counterparty for 36,00 units at Rs. 3.75/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 3 trades (2 buy trades and 1 sell trade) with same counterparty, viz., Meet Mehta (HUF) on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's 3 trades while dealing in the aforesaid contract during the IP generated artificial volume of 72,000 units, which made up 100% of total market volume in the said contract during this period.

24. In response, the Noticee admitted the execution of aforesaid intraday transactions, however, contended that the alleged trades were executed on the trading terminals of BSE which operated under ISO certified sophisticated surveillance system and the BSE/stock broker had not alerted or cautioned him for the execution of alleged trades. In this regard, it is pertinent to note that since the Noticee has traded in the securities as defined under Securities Contracts (Regulation) Act, 1956, he is

obligated to comply with the securities laws. The responsibility of ensuring the genuineness of trades rests with the Noticee. The Noticee is expected to act with due diligence and cannot shift responsibility for his own trading decisions onto the exchange and the broker. Hence, the contention of the Noticee in this regard is not tenable.

25. With regard to the request of the Noticee to summon and enforce the attendance of any person from BSE acquainted with the facts and circumstances of the case to give evidence or to produce any documents which may be useful in the present proceedings, his request to grant liberty to enquire with BSE with respect to the validity of his transactions and his claim that the market order log file was not provided to him, it is noted that all the relevant and relied upon documents including trade log depicting all alleged trades of Noticees in stock options segment of BSE during the IP have been provided to Noticee as annexure to the SCN. The said trade log includes the details of alleged trades including trade dates, name of the counterparties, time, price and volume, etc. Further, no statement of any official from BSE has been recorded or relied upon in the present proceedings. Accordingly, the aforesaid requests of the Noticee are devoid of merit.

26. The Noticee submitted that no proceedings have been initiated by SEBI against his counterparty Meet Mehta (HUF) and also requested for the opportunity of cross examination of Meet Mehta (HUF). In this regard, from the material on record, it is noted that adjudication proceedings were initiated against the counterparty of Noticee, Meet Mehta (HUF) in the instant matter. However, the said entity availed the SEBI Settlement Scheme 2022[7]. Further, with regard to cross examination of Meet Mehta (HUF), it is noted that no statement of Meet Mehta (HUF) has been recorded or relied upon in the present proceedings. Hence, the request of Noticee for the cross examination of Meet Mehta (HUF) is devoid of merit and has not been acceded to.

[7] *https://www.sebi.gov.in/enforcement/orders/mar-2023/settlement-order-in-the-matter-of-settlement-applications-filed-under-the-sebi-settlement-scheme-2022_68801.html*

27. The Noticee submitted that his trades form a miniscule and meagre volume out of total 2,91,643 trades executed in the stock options segment of BSE during the IP. In this regard, it is noted that total 2,91,643 trades represent trades across multiple contracts and that the percentage of artificial volume generated by Noticee in the specific contracts in which he traded is provided in Table 1 at para 20.

28. From Table No. 1, it can be noted that Noticee had generated artificial volume of 47.37%, 100% and 100% in the contracts named CENT15APR680.00PEW2, PTCI15APR80.00PEW1 and PTCI15APR80.00PEW4 respectively. Hence, the submission of Noticee concerning miniscule and meagre trade volume is devoid of merit.

29. The Noticee further submitted that he was unaware of the name of the counterparty in his buy and sell transactions and no collusion between the buyer and seller has been established. He further argued that the trades were not immediately reversed.

30. In this connection, I note that it is not a mere coincidence that the Noticee could match his trades with the same counterparty with whom he had undertaken first leg of the respective trades. The fact that the transactions in a particular contract were reversed with the same counterparty for the same quantity of units, indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. It is further noted that direct evidence is not forthcoming in the present matter as regards meeting of minds or collusion with other entities, *inter alia*, the counterparties or agents/fronts. However, trading behaviour as noted above makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level.

31. The non-genuineness of the transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within few minutes, the Noticee reversed the position with the same counterparty with significant price difference on the same day. Since these trades were done in illiquid options contracts, there was negligible trading in the said contracts and hence, there was

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

32. Here, I would like to rely on the following judgement of Hon'ble Supreme Court in the matter of *SEBI v. Kishore R Ajmera* (AIR 2016 SC 1079), wherein it was held that:

> "...*According to us, knowledge of who the 2nd party / client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naïve to rest the final conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming...in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive.*
>
> *It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion.*"

33. Therefore, applying the ratio of the above judgment, it is observed that the execution of trades by the Noticee in the illiquid options segment with such precision in terms of order placement, time, price, quantity, etc., and also the fact that the transactions were reversed with the same counterparty clearly indicate a

prior meeting of minds with a view to execute the reversal trades at a pre-determined price. The only reason for the wide variation in price of the same contract, within short span of time points to the fact that there was pre-determination in the prices by the counterparties. Thus, the nature of trading, as brought out above, clearly indicates an element of prior meeting of minds and therefore, a collusion of the Noticee with his counterparty to carry out the trades at pre-determined prices.

34. It is also relevant to refer to order of the Hon'ble Securities Appellate Tribunal in the matter of *Ketan Parekh v. SEBI* (Appeal No. 2 of 2004 decided on July 14, 2006), wherein it was held as follows:

> *"In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4 (a) of the Regulations."*

35. In this regard, further reliance is placed on judgment of Hon'ble Supreme Court in the matter of *SEBI v. Rakhi Trading Private Limited* (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018) on similar factual circumstances, which, *inter alia,* stated as under:

> *"Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities….."*

36. In respect of reliance placed by Noticee in the order of Hon'ble SAT in the matter of Rakhi Trading Private Limited v. SEBI (Appeal No. 70 of 2009 dated October 11, 2010), it is noted that Hon'ble Supreme Court had set aside the said order vide its aforesaid order dated February 08, 2018.

37. In view of the aforesaid, the trading behaviour of the Noticee confirms that such trades were not normal, indicating that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in respective contract. In view of the above, I find that the allegation of violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations by the Noticee stands established.

Issue No. 2: Do the violations, if any, on part of the Noticee attract monetary penalty under section 15HA of SEBI Act?

38. In the findings made in foregoing paragraphs, it has been established that the Noticee executed non-genuine reversal trades, which created false and misleading appearance of trading, thereby generated artificial volumes in the stock options segment of BSE during the IP, therefore, Noticee violated the provisions of regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a) of the PFUTP Regulations.

39. Therefore, considering the above findings and the judgement of Hon'ble Supreme Court in the matter of *SEBI v. Shriram Mutual Fund* [2006] 68 SCL 216 (SC) decided on May 23, 2006, wherein it was held that "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not.",* I am convinced that it is a fit case for imposition of monetary penalty under the provisions of section 15HA of SEBI Act, which 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 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."*

Issue No. 3: If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

40. While determining the quantum of penalty under section 15HA of the SEBI Act, the following factors as stipulated in section 15J of the SEBI Act are taken into account-

> ***"Factors to be taken into account while adjudging quantum of penalty.***
> *15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —*
> *(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
> *(b) the amount of loss caused to an investor or group of investors as a result of the default;*
> *(c) the repetitive nature of the default."*

41. As established above, the trades by the Noticee were non-genuine in nature and created a misleading appearance of trading in the aforesaid contracts. I note that when the impact of artificial volume created by the two counterparties is seen as a whole, it is not possible, from the material on record, to quantify the amount of disproportionate gain or unfair advantage resulting from the artificial trades between the counter parties or the consequent loss caused to investors as a result of the default. Further, the material available on record does not demonstrate any repetitive default on the part of the Noticee. However, considering that the eight non-genuine trades entered by the Noticee in three options contracts led to creation of artificial trading volumes which had the effect of distorting the market mechanism in the stock options segment of BSE, I find that the aforesaid violations were detrimental to the integrity of securities market and therefore, the quantum of penalty shall commensurate with the serious nature of the aforesaid violations.

ORDER

42. Taking into account the facts and circumstances of the case, material available on record, submissions of the Noticee, findings hereinabove and factors mentioned in section 15J of the SEBI Act, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose monetary

penalty of ₹ 5,00,000/- (Rupees Five Lakh only) on the Noticee (Aditya Dhabria) under section 15HA of SEBI Act for the violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations. I am of the view that the said penalty is commensurate with the violations committed by Noticee.

43. The Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order in either of the way, such as by following the path at SEBI website www.sebi.gov.in:

ENFORCEMENT >Orders >Orders of AO> PAYNOW;

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

45. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to the Noticee and to SEBI.

JAI SEBASTIAN
Digitally signed by JAI SEBASTIAN
Date: 2025.12.15 11:55:20 +05'30'

Place: Mumbai **JAI SEBASTIAN**

Date: December 15, 2025 **ADJUDICATING OFFICER**