



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

By Speed Post A.D./Email

SEBI/OCH/BS/10962/2022

March 15, 2022

**CALYPSO TIEUP AND FINCO PRIVATE LIMITED [PAN: AABCC2133Q]
77 B, NIMTALA GHAT STREET,
KOLKATA,
WEST BENGAL,
PIN – 700006
Email: nimtolla77@yahoo.com
Mobile: 9830163957**

Subject: Adjudication Proceedings in respect of CALYPSO TIEUP AND FINCO PRIVATE LIMITED [PAN: AABCC2133Q] in the matter of dealings in illiquid Stock Options at BSE: Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") has initiated adjudication proceedings in respect of **Calypso Tieup And Finco Private Limited** (hereinafter, alternatively referred to/ addressed as "You" or "Noticee"), bearing PAN – AABCC2133Q, for allegedly violating Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations, 2003"), in the matter of trading in illiquid stock options on the Bombay Stock Exchange Ltd. ("BSE").
2. The undersigned was appointed as Adjudicating Officer vide order dated September 20, 2021, to enquire into and adjudge under Section 15 HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "SEBI Act"), the alleged violations by the Noticee. A copy of the communiqué dated September 27, 2021 appointing the undersigned as Adjudicating Officer is placed at Annexure A.

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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



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3. As part of ongoing surveillance, SEBI came across large scale reversal of trades in Stock Options segment of the BSE. Subsequently, SEBI conducted an investigation into the trading activity in Stock Options at BSE for the period between April 1, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period").
4. Pursuant to investigation, it was observed that during the investigation period, certain entities were involved in reversal trades in BSE's Stock Options Segment. A total of around 2.92 lakh trades comprising of 81.40% of all the trades executed in BSE Stock Options Segment were reversal trades, which involved squaring off transactions (i.e. buy and sell positions) by the same set of counterparties in a contract, but with significant difference in the sell value and buy value of the transactions. The aforesaid reversal trades allegedly resulted into generation of artificial volumes in otherwise illiquid option contracts.
5. It is alleged that the Noticee was one of the entities which indulged in reversal trades which created false and misleading appearance of trading, generating artificial volumes in the Stock Options Segment of BSE during the investigation period. The Noticee is alleged to have engaged in reversal trades (altogether two trades, one on the buy side and another on the sell side) in the contract 'CIPL15APR780.00PE', which led to generation of alleged artificial volume of 50,000 units (buy side + sell side). Details of the reversal trades of Noticee in Stock Options segment of BSE during the investigation period are given in Annexure B.
6. Summary of the reversal trades of Noticee in Stock Options segment of BSE during the investigation period is as follows:

TRADE DATE	TRADE ID	SCRIP NAME	BUY CLIENT	SELL CLIENT	BUY ORDER TIME	SELL ORDER TIME	TRADE TIME	TRADE RATE	TRADE QTY
25/03/2015	54174	CIPL15APR780.00PE	CALYPSO TIEUP AND FINCO PRIVATE LIMITED	PRACHI ENCLAVES PRIVATE LIMITED	12:49:09.109694	12:49:09.153668	12:49:09.153668	49.0	25000
25/03/2015	55860	CIPL15APR780.00PE	PRACHI ENCLAVES PRIVATE LIMITED	CALYPSO TIEUP AND FINCO PRIVATE LIMITED	12:49:12.053874	12:49:12.109892	12:49:12.109892	69.0	25000

* Note: "Traded Quantity" or "unit" refers to lot size in contract multiplied by number of contracts traded.

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- (a) While dealing in the said contract on March 25, 2015, at 12:49:09.109694 hrs, the Noticee placed a buy order for 25,000 units @ Rs. 49.0 per unit. The buy order of the Noticee got executed at 12:49:09.153668 hrs against a sell order placed by one 'PRACHI ENCLAVES PRIVATE LIMITED' at 12:49:09.153668 hrs at the same rate and for the same quantity. Within a few seconds at 12:49:12.109892 hrs, the Noticee placed a sell order in the same contract for 25,000 units @ Rs.69.0 per unit, which got executed at 12:49:12.109892 hrs against a pending buy order from the same counterparty 'PRACHI ENCLAVES PRIVATE LIMITED' placed at 12:49:12.053874 hrs at the same rate for equal quantity.
- (b) The trade entered by the Noticee was reversed within a few seconds with the same counterparty by way of placing synchronised orders and this reversal was at a substantial price difference. This prima facie indicates that these trades are artificial and non-genuine in nature.
- (c) During the investigation period, the Noticee's above trades in the said contract allegedly generated artificial volume of 50,000 units, (buy side + sell side) which made up 33.3% of total market volume in the said contract.
7. In view of the foregoing, it is alleged that, the Noticee, by indulging in placing synchronised orders and executing non-genuine reversal trades in illiquid Stock Option with same entity within a few seconds, created false and misleading appearance of trading in stock options and therefore violated Regulation 3(a), (b), (c) & (d) and Regulations 4(1) & 4(2)(a) of PFUTP Regulations, 2003. Relevant provisions of law are reproduced below for ready reference:

"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;

[Handwritten signature]





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(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;"

8. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under Section 15HA of the SEBI Act. Section 15HA of the SEBI Act provides:

"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."

9. You are, therefore, called upon to show cause as to why an Inquiry should not be held against you in terms of Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the "SEBI Rules") read with sub-section (1) and (2) of Section 15 I of the SEBI Act, and why penalty should not be imposed in terms of section 15HA of the SEBI Act.





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10. Your reply, if any, should reach the undersigned or through email at bibhuduttas@sebi.gov.in and meeteshp@sebi.gov.in within 21 days from the date of receipt of this Notice, failing which it shall be presumed that you have no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of sub-rule (7) of Rule (4) of the SEBI Rules. You may also indicate whether you desire a personal hearing in the matter.
11. Further, you are required to keep the undersigned informed about the change in your correspondence address, if any, till the conclusion of the proceedings. You are also required to submit a photocopy of your PAN card and contact details viz. Telephone numbers / Fax numbers / e-mail IDs and details of contact persons for records.


Bibhudutta Samal
Deputy General Manager &
Adjudicating Officer
E-mail: bibhuduttas@sebi.gov.in
Tel. No.: 022 - 2644 9212



Enclosures:

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communique dated September 20, 2021 appointing Adjudicating Officer	3
B	Details of the reversal trades of Noticee in Stock Options segment of BSE during the investigation period	1