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भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post A.D.

DEPUTY GENERAL MANAGER &
ADJUDICATING OFFICER

SEBI/NRO/P/OW/2022/13113/1

March 30, 2022

ADVENT COMMOSALES PRIVATE LIMITED

PAN No. AAICA4467G

284, B.B.Ganguly Street,

Ground Floor Kolkata

West Bengal India

Pin - 700012

E-mail:- advantaged2014@gmail.com

Subject: Adjudication Proceedings in respect of Advent Commosales Private Limited in the matter of dealings in Illiquid Stock Options at BSE: Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995

1. The Securities and Exchange Board of India (hereinafter, referred to as "SEBI") initiated adjudication proceedings in respect of Advent Commosales Private Limited (hereinafter, referred to as "Noticee"), bearing PAN: AAICA4467G for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter, referred to as "PFUTP Regulations, 2003"), in the matter of trading in illiquid stock options on the Bombay Stock Exchange Ltd. ("BSE").
2. The undersigned was appointed as Adjudicating Officer vide order dated September 20, 2021 to inquire 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

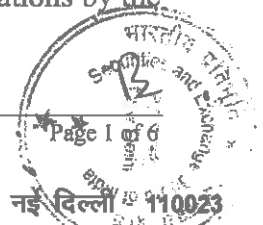
“हम हिन्दी पत्राचार का स्वागत करते हैं।”

उत्तरी प्रादेशिक कार्यालय : प्लेट-बी, आठवीं मंजिल, ऑफिस टॉवर-1, एन बी सी सी कॉम्प्लेक्स, पूर्व किदवाई नगर, नई दिल्ली-110023

Northern Regional Office : Plate-B, 8th Floor, Office Tower-1, NBCC Complex, East Kidwal Nagar, New Delhi-110023 दूरभाष (Phone): 011-69012998

प्रधान कार्यालय : सेबी भवन, प्लॉट सं. सी-4 'अ', जी-ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व) मुंबई - 400051 दूरभाष (Phone): 022 - 26449000

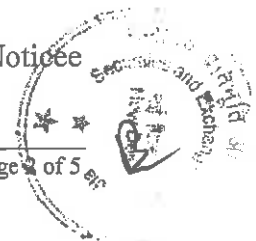
Head Office : SEBI Bhavan, Plot No. C-4A, G-Block, Bandra Kurla Complex, Bandra (E) Mumbai - 400051 Web : www.sebi.gov.in





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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 illiquid Stock Options at BSE (hereinafter, referred to as "investigation") for the period between April 1, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period").
4. Pursuant to investigation, it was observed that during the investigation period, a total of 2,91,744 trades comprising 81.41% of all the trades executed in BSE Stock Options Segment were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract. The reversal trades involved squaring off transactions, but with significant difference in the sell value and buy value of the transactions. The aforesaid reversal trades allegedly resulted into generation of artificial volumes.
5. The Noticee was one of the entities which indulged in reversal trades which allegedly created false and misleading appearance of trading, generating artificial volumes in the Stock Options Segment of BSE during the investigation period. The Noticee is alleged to have engaged in 2 such reversal trades in 1 unique contracts, which led to generation of alleged artificial volume of 65,000 units. These trades of the Noticee involved reversal with the same counterparty on the same day, but at different prices. Details of all the trades of Noticee in Stock Options segment of BSE during the investigation period are given in **Annexure B**, and details of all the reversal trades of the Noticee in Stock Option Segment of BSE during investigation period are given in **Annexure C**. An analysis of dealings of the Noticee in 1 Stock Option contracts in which the said Noticee allegedly executed reversal trades during the investigation period is given in **Annexure D**.
6. The trades entered by the Noticee were reversed on the same day with same counterparties at a substantial price difference without any basis for significant change in the contract price which indicates that these trades are artificial and are non- genuine in nature.
7. A summary of dealings of Noticee in 1 Stock Option contract in which the said Noticee allegedly executed reversal trades during the investigation period, is as follows:-





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Summary of dealings in contracts wherein the Noticee executed reversal trades

S. No.	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 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	ACCL15APR1590.00PE	61	32500	38	32500	100	5.2

Note: "Unit" refers to lot size in contract multiplied by number of contracts traded

8. The abovementioned reversal trades and volumes are illustrated through the dealings of Noticee in the contract viz, "ACCL15APR1590.00PE" during the investigation period, as follows:

- During the investigation period, 2 trades for 65000 units were executed by the Noticee in the said contract on 31.03.2015.
- While dealing in the said contract on 31.03.2015, at 10:20:21 hrs the Noticee entered into buy trade with counter party viz, STEEL CRACKERS PRIVATE LIMITED for 32500 units at ₹ 61 per unit whereas at 10:20:45 hrs the Noticee entered into sell trade with same counterparty, for 32500 units at ₹ 38 per unit.
- The Noticee's two trades while dealing in the above contract during the investigation period allegedly generated artificial volume of 65,000 units, which made up 5.2% of total market volume in the said contract during this period.





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9. In view of the foregoing, it is alleged that Noticee, by indulging in execution of non-genuine reversal of trades in Stock Options with same entities on the same day, created false and misleading appearance of trading in stock options and therefore allegedly violated Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations, 2003.
10. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under section 15HA of the SEBI Act.
11. You are, therefore, called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with section 15-I of the SEBI Act, and why penalty should not be imposed in terms of section 15HA of the SEBI Act.
12. Your reply, if any, should reach the undersigned at the address given below as well as through email at rakeshk@sebi.gov.in and chanddas@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 Adjudication Rules. You may also indicate whether you desire a personal hearing in the matter

Securities and Exchange Board of India
Northern Regional Office,
8th floor, Plate B, Tower 1,
NBCC Complex
East Kidwai Nagar, New Delhi - 110023.

13. Further, you are required to keep the undersigned informed about the change in your correspondence address, if any, till the conclusion of the proceedings. You are also required to submit a photocopy of your PAN card and contact details viz. Telephone numbers / Fax numbers / e-mail IDs and details of contact persons for records.



RAKESH KUMAR
ADJUDICATING OFFICER





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Enclosures: Documents relied upon are as follows:-

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communique dated July 06, 2021 appointing Adjudicating Officer	3
B	Integrated trade log of all trades of Noticee in Stock Option segment of BSE during the investigation period i.e., April 1, 2014 to September 30, 2015	2
C	Integrated trade log of all reversal trades of Noticee in Stock Option segment of BSE during the investigation period	2
D	Summary of dealings of Noticee in 1 Stock Option contract in which Noticee allegedly executed reversal trades during the investigation period	1

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