BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AN/HG/SM/2022-23/25499]

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

In respect of

BMA Wealth Creators Limited

(Now known as: BRH Wealth Kreators Limited**)**

[PAN: AACCB5141L]

In the matter of Trading Members in Illiquid Stock Options

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as, "**SEBI**") has examined trading in 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, "**SEBI Act**") and various rules and regulation made thereunder.

2. An Interim Order No. WTM/RKA/ISD/106/2015 dated August 20, 2015 was passed by SEBI in the matter of Illiquid Stock Options restraining 59 persons/entities from buying, selling or dealing in the securities market, either directly or indirectly, in any manner, till further directions. Confirmatory orders dated July 30, 2016, August 22, 2016 and August 24, 2016 ("**Confirmatory orders**") in this regard, were passed by SEBI confirming the directions issued vide aforementioned Interim order against all 59 persons/entities.

3. The modus operandi that was identified in the Interim order and Confirmatory orders was that certain entities (clients) had continuously made profits and certain entities (clients) had continuously made losses by reversing their trades or executing reversal trades in various individual Stock Options contracts on BSE's Stock Options segment. In the Interim order, these reversal trades were also referred to as "non-genuine trades". Reversal trades executed by clients through broker have been classified as those trades in which an entity (client) reverses its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day.

4. Subsequent to passing of aforementioned Interim order against 59 persons/entities, SEBI passed an Interim order dated February 17, 2016 against 22 Trading Members ("Brokers") in the same matter of Illiquid Stock Options. However, the said order was set aside by Hon'ble Securities Appellate Tribunal ("**SAT**") vide its orders dated February 25, 2016, March 04, 2016, March 09, 2016, March 14, 2016, March 15, 2016, March 18, 2016 and April 05, 2016. Pursuant to appeal, in terms of order of Hon'ble Supreme Court dated July 01, 2016, SEBI passed order no. WTM/RKA/ISD/94/2016 dated August 12, 2016 in the matter stating, inter alia, that a final view for appropriate action be taken after completion of ongoing investigation in the matter.

5. Investigation was carried out in the instant matter for the period April 01, 2014 – September 30, 2015 (hereinafter referred to as "**IP/ Investigation Period**"), which is same as the examination period referred in the Interim Order dated February 17, 2016 in respect of Brokers in the matter of Illiquid Stock Options.

6. Trade data of BSE's Stock Options segment during the I.P. for the Illiquid Stock Options was analyzed to identify reversal trades. Pursuant to analysis it was observed that a total of 2,91,744 non-genuine trades were executed by 14,720 entities through 192 Brokers that resulted in reversal trades during the I.P. Trade data pertaining to these 2,91,744 non-genuine trades formed the source data for the case against brokers.

7. Subsequently, SEBI had initiated Adjudication Proceedings in respect of BMA Wealth Creators Limited (Now known as: BRH Wealth Kreators Limited) (hereinafter referred to as "**Noticee**") under Section 15HB of SEBI Act, 1992 for not exercising care and diligence in the conduct of its business while dealing with its clients in violation of Schedule II A (2) of Code of Conduct for Stock Brokers r/w Regulation 9 (f) of the SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as "**Broker Regulations**").

B. APPOINTMENT OF ADJUDICATING OFFICER

8. Ms. Maninder Cheema, CGM, SEBI was appointed as Adjudicating Officer under Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**"), vide communique dated September 17, 2021 to inquire into and adjudge under section 15HB of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**"), the aforesaid alleged violations by the Noticee. Pursuant to the transfer of Ms. Maninder Cheema, Dr. Anitha Anoop, CGM, SEBI was appointed as Adjudicating Officer vide Communique dated June 07 2022. Pursuant to the transfer of Dr. Anitha Anoop, undersigned was appointed as Adjudicating Officer ("AO") vide communique dated September 05, 2022.

C. SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

9. A Show Cause Notice No. EAD5/MC/PR/2022/22000 dated May 25, 2022 (hereinafter referred to as '**SCN**') was issued and sent to Noticee under Rule 4(1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticee and penalty, if any, not to be imposed upon it under the provision of Section 15HB of SEBI Act for the aforesaid violation alleged to have been committed by it.

10. The allegations levelled against Noticee in the SCN are briefly stated as under:

a) *BSE had issued notice to all the Trading Members (brokers) casting an obligation on the broker to, inter alia, monitor and report reversal of trades in derivatives segment. BSE notice no 20130307-21 (addressed to all the trading members) dated March 07, 2013 pertaining to "e-Boss", inter alia, indicated the list of alerts that will be generated by BSE which includes reversal of trades in derivatives segment. Further, in terms of the aforesaid notice every broker was necessarily required to frame a surveillance policy, inter alia, covering suspicious/manipulative activity identification and reporting process.*

b) *The aforesaid BSE notice also casts obligation on the Trading Member (Broker) to monitor and report alerts specifically mentioning the following:*

"

.....
The trading members are hereby further informed that the aforementioned transactional alerts are indicative in nature and the trading members can derive their own alerts in addition to the said transactional alerts as per their surveillance policy.

……

Monitoring and reporting:
1. For effective monitoring, Trading Member shall:
a. Frame a surveillance policy covering:
i….
ii….
iii. Suspicious / Manipulative activity identification and reporting process.
iv…..

b. The surveillance policy of the Trading Member shall be approved by its Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) as the case may be.
c. A quarterly MIS shall be put up to the Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at the end of the quarter. Reasons for pendency shall be discussed and appropriate action taken. Also, the Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) shall be apprised of any exception noticed during the disposition of alerts.
d. The surveillance process shall be conducted under overall supervision of its Compliance Officer.
e. Designated directors / partners / proprietor / Compliance Officer would be responsible for all surveillance activities carried out by the Trading Member and for the record maintenance and reporting of such activities.

2. Internal auditor of Trading Member shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report."

c) *However, as informed by BSE vide email dated November 06, 2020, no broker had reported any suspicious transactions to exchange being executed on Stock Options segment of BSE during I.P. None of the brokers generated any alerts or reported any reversal of trades executed by their respective clients.*

d) *Without a system in place to identify repeated trade reversals between the same clients, the brokers facilitated those clients in executing fraudulent transactions in the stock market who transferred profits and losses to each other in a pre-meditated manner.*

e) *Trade data pertaining to these 2,91,744 non-genuine trades formed the source data for the instant case against stock brokers. Total number of contracts during the I.P. was 23,885 contracts. The details of trading in such 23,885 contracts are shown in table below:*

Table 1 - Details of trading in all contracts of BSE' Stock Options segment during the I.P.

Particulars	***TOTAL***
Number of contracts	*23,885*
Total Number of entities	*21,652*

Particulars	*TOTAL*
Number of trades	*3,58,372*
Number of Non genuine trades	***2,91,744***
Number of entities involved in executing non genuine trades	***14,720***
Number of Brokers through which non-genuine trades were executed	***192***

f) *On analyzing the source data, the data was segregated based on scenarios so as to identify scenario-wise violations by a Broker and the details are given below:*

Scenario	***Particulars***	***Count of Brokers***	***Total number of non-genuine trades (both client and counterparty client)***	***Cumulative non-genuine trades through Brokers after removing duplicates (same broker for both clients)***	***As a % of total transactions***
1	*Same Broker for both clients on both legs of trade reversal*	*19*	*8,528*	*4,264*	*0.74*
2	*Different Broker for both clients on both legs of trade reversal*	*189*	*5,74,900*	*5,74,900*	*99.25*
3	*Trade reversals involving three Brokers*	*8*	*60*	*59*	*0.01*
	Total	***192****	***5,83,488***	***5,79,223***	***100***

**Note – There are 3 unique brokers appearing in Scenario 1 and the remaining 16 brokers of Scenario 1 are overlapping with 189 unique brokers appearing in Scenario 2. Accordingly, total Brokers through whom 2,91,744 non-genuine trades have been executed is 3+189 = 192 brokers. Names of 8 brokers appearing in scenario 3 are overlapping with names appearing in either Scenario 1 or Scenario 2.*

g) *The non-genuine reversal trades by Noticee was falling in the Scenario 2 as described above.*

Scenario 2: Different Broker for both clients on both legs of trade reversal

h) *In the instant scenario, two clients execute reversal trade through two different Brokers. For the sake of clarity, a contract is shortlisted (i.e. "JPPW15JAN10.00CEW1") and trades that were executed in this contract on January 01, 2015 is shown below:*

Table 3

SL. NO.	***CLIENT PAN***	***CLIENT NAME***	***CP PAN***	***CP CLIENT NAME***	***ORDER TIME***	***CP ORDER TIME***	***TRADE TIME***	***TRADE RATE***	***TRADED QTY***	***MEMBER NAME***	***CP MEMBER NAME***
1	*AAGFC5601H*	*Chanakya Broking Company*	*BSUPS7339K*	*Vitrag R Sheth*	*11:40:42*	*11:40:42*	*11:40:42*	*1.2*	*90000*	*Skung Tradelink Ltd*	*Prudent Broking Services Pvt.Ltd.*
2	*BSUPS7339K*	*Vitrag R Sheth*	*AAGFC5601H*	*Chanakya Broking Company*	*11:41:03*	*11:41:03*	*11:41:03*	*2.8*	*90000*	*Prudent Broking Services Pvt.Ltd.*	*Skung Tradelink Ltd*
3	*AAGFC5601H*	*Chanakya Broking Company*	*BSUPS7339K*	*Vitrag R Sheth*	*11:42:48*	*11:42:48*	*11:42:48*	*1.3*	*90000*	*Skung Tradelink Ltd*	*Prudent Broking Services Pvt.Ltd.*
4	*BSUPS7339K*	*Vitrag R Sheth*	*AAGFC5601H*	*Chanakya Broking Company*	*11:43:15*	*11:43:14*	*11:43:15*	*2.8*	*90000*	*Prudent Broking Services Pvt.Ltd.*	*Skung Tradelink Ltd*

SL. NO.	CLIENT PAN	CLIENT NAME	CP PAN	CP CLIENT NAME	ORDER TIME	CP ORDER TIME	TRADE TIME	TRADE RATE	TRADED QTY	MEMBER NAME	CP MEMBER NAME
5	*AAGF C5601 H*	*Chanakya Broking Company*	*BSUP S7339 K*	*Vitrag R Sheth*	*11:43:54*	*11:43:54*	*11:43:54*	*1.3*	*15000*	*Skung Tradelink Ltd*	*Prudent Broking Services Pvt.Ltd.*
6	*BSUP S7339 K*	*Vitrag R Sheth*	*AAGF C5601 H*	*Chanakya Broking Company*	*11:44:17*	*11:44:17*	*11:44:17*	*2.8*	*15000*	*Prudent Broking Services Pvt.Ltd.*	*Skung Tradelink Ltd*

i) *It is observed from the above table that:*

- i. *In total 6 trades were executed in the contract "JPPW15JAN10.00CEW1" on January 01, 2015. Trade reversals are executed between clients Chanakya Broking Company and Vitrag R Sheth through Brokers Skung Tradelink Ltd and Prudent Broking Services Pvt. Ltd. respectively.*
- ii. *Total number of non-genuine trades that were executed in the contract "JPPW15JAN10.00CEW1" were 6 (trades shown at S. No. 1 to 6 at Table 3) and total artificial volume generated through such non genuine trades was 3,90,000 units.*
- iii. *The Broker-wise contribution to number of non-genuine trades and artificial volume in the above contract is as shown below:*

Table 4

S. No.	***Entity Name***	***Artificial volume through non genuine trades***	***Number of Non genuine trades***
1	*Skung Tradelink Ltd*	*3,90,000*	*6*
2	*Prudent Broking Services Pvt. Ltd.*	*3,90,000*	*6*
Total		***7,80,000***	***12***

j) *Trade reversals were executed by Chanakya Broking Company through Broker Skung Tradelink Ltd through same modus operandi on 3 instances on a same day. In a similar manner, Trade reversals were executed by Vitrag R Sheth through Broker Prudent Broking Services Pvt. Ltd. on 3 instances on a same day. Despite the repeated reversals of identical quantity and with more than 100% difference in price in less than a minute, the brokers through whom such transactions went through failed to notice them immediately or even much after the said transactions as they did not have any system in place to identify trade reversals. Though the broker may not know the counterparty client or counterparty broker in a transaction, however, the fact that certain quantity transacted by his client is getting reversed within the same day in a repeated manner should have alerted the brokers concerned.*

k) *Without a system in place to identify repeated trade reversals between the same clients, the broker facilitated its clients in executing fraudulent transactions in the stock market in a pre-meditated manner.*

l) *Since Skung Tradelink Ltd and Prudent Broking Services Pvt. Ltd. did not take necessary steps to generate alerts by putting a system in place to detect and curb reversal of trades, both Skung Tradelink Ltd and Prudent Broking Services Pvt. Ltd. failed to exercise care and diligence in the conduct of business while dealing with its respective clients.*

m) *Upon analyzing all the 5,74,900 non-genuine trades in the instant scenario, it was observed that there were 189 unique brokers through whom clients had executed trade reversals. On further analysis, it was observed that there were 14,333 clients who had executed trade reversals in various combinations among each other.*

n) *It was observed that there were numerous instances of single reversal trades in various contracts. It was felt that benefit of doubt can be given to the broker for single instances of trade reversal identified* *in a particular contract of a particular scrip amongst the numerous trades executed by the clients registered with the broker. Hence a cut off of at least 4 or more transactions (2 cycles of reversals between the same set of PAN numbers) on the same day in a particular contract between two unique PAN numbers was applied and it was observed that there are 5,316 unique set of PAN numbers who have executed repeated reversals with at least 4 transactions or more through 125 different Brokers including the Noticee.*

o) *Hence, it is alleged that Noticee, being one of the aforementioned 125 brokers, failed to exercise care and diligence in the conduct of business while dealing with its clients and therefore not in compliance with Schedule II A (2) of the Code of Conduct for Stock Brokers r/w regulation 9 (f) of the Broker Regulation.*

11. The SCN was sent to Noticee through Speed Post Acknowledgement due (herein after referred to as '**SPAD**') and digitally signed email dated May 27, 2022 and the SCN was duly served on Noticee through SPAD and digitally signed email. Thereafter, a corrigendum to SCN was sent to Noticee vide digitally signed email dated May 27, 2022 and the same was duly served to Noticee. In the SCN, the Noticee was given twenty-one (21) days' time to make its submissions in respect of the allegations made in the SCN.

12. However, no reply was received from Noticee. Thereafter, vide digitally signed email dated July 11, 2022, Hearing Notice dated July 11, 2022 was sent to the Noticee wherein Noticee was granted an opportunity of hearing on August 01, 2022 and was advised to submits its reply to the SCN by July 25, 2022. However, it is noted that Noticee neither submitted its reply nor appeared for the hearing on the scheduled hearing date.

13. Thereafter, vide letter dated November 30, 2022, Noticee was informed regarding SEBI settlement scheme for Stock Brokers, 2022 framed by SEBI in terms of Regulation 26 of the SEBI (Settlement Regulations), 2018 wherein SEBI had introduced a onetime opportunity of settlement to all stock brokers through whom trade reversals were executed by various clients/proprietary trades executed by the Stock Broker in the Illiquid Stock Options segment of BSE during the IP and against whom enforcement proceedings has been approved or initiated and are pending. The aforesaid letter was sent and duly served to the Noticee through SPAD and email dated December 01, 2022 and email dated December 15, 2022. The aforesaid settlement scheme had commenced on December 19, 2022 and

ended on January 19, 2023. However, it is noted that Noticee has not availed the onetime opportunity of settlement provided by SEBI to stock brokers.

14. Thereafter, vide Hearing Notice dated March 04, 2023, Noticee was granted an opportunity of personal hearing on March 10, 2023. The aforesaid Hearing Notice was duly served on the Noticee. Vide email dated March 09, 2023, the receipt of hearing notice was acknowledged by Noticee. Noticee availed the opportunity of hearing on the scheduled date through its Authorised Representatives (ARs) via online mode viz. video conferencing. During the hearing, the AR sought time for making submissions till March 15, 2023 and accordingly, time till March 15, 2023 was allowed. However, Noticee did not submit its reply till March 16, 2023. Therefore, an email dated March 16, 2023 was sent to Noticee intimating it regarding the non-receipt of its reply. Thereafter, vide email dated March 17, 2023, Noticee submitted its reply to SCN.

15. The key submissions of Noticee made through its reply dated March 17, 2023 are as under:

> *"…*
> *We would like to state that we were a Stock Broker having more than 1 lakh client dealing on various segments of Stock Markets (both NSE & NSE) and more than 35000 trades took place on a single day. Since 1st October, 2019 we are not operating our business and all our employees have left, because of which we are unable to trace any old records. However, we are sanguine that we had never allowed use of Illiquid Stock Options at BSE through us thus no transaction was done in respect thereof. This is the reason we had sought time to approach BSE Ltd. to confirm the same, but no response has been received from their end till date*
> *...*
> *."*

D. <u>CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS</u>

16. The issues that arise for consideration in the present case are:

Issue No.1 Whether Noticee has violated Schedule II A (2) of Code of Conduct for Stock Brokers read with Regulation 9(f) of the Broker Regulations?

Issue No.2 Does the violation, if any, attract monetary penalty under Section 15HBof SEBI Act?

Issue No.3 If the answer to issue no. 2 is in affirmative, then what should be the quantum of monetary penalty?

17. Before proceeding, it is pertinent to refer to the relevant provision of the Broker Regulations which was in force at the time of impugned transactions, which are reproduced as under:

> ***Relevant provisions of Broker Regulations:***
>
> ***Conditions of registration.***
>
> ***9(f)*** *he shall at all times abide by the Code of Conduct as specified in Schedule II;*
>
> ***SCHEDULE II***
>
> ***CODE OF CONDUCT FOR STOCK BROKERS***
>
> ***A. General***
>
> ***(2)*** *Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business*

Issue No. I- Whether Noticee has violated Schedule II A (2) of Code of Conduct for Stock Brokers read with Regulation 9(f) of the Broker Regulations?

18. It was alleged that Noticee had failed to exercise care and diligence in the conduct of its business while dealing with its clients and therefore, it was alleged that Noticee has violated the provisions of Schedule II A (2) of Code of Conduct for Stock Brokers read with Regulation 9(f) of the Broker Regulations.

19. It is noted from the Investigation Report that a total of 702 repeated trade reversal transactions were executed by clients through Noticee as Broker and an artificial volume of 2,64,42,000 units were generated through such repeated trade reversals. As there are 702 repeated trade reversal transactions, the details of non-genuine trades executed by clients through Noticee as Broker on March 09, 2015 in a contract GMRI15MAR10.00CEW2 is taken as reference and the details of such non-genuine trades under the aforesaid contract is given below:

Sl. No.	Trade Date	Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Traded Qty	Member Name	CP Member Name
1	09/03/2015	BAFNA ENTERPRISES	VITRAG RAJENDRA KUMAR SHETH	12:49:46.213607	12:49:46.174251	12:49:46.213607	99,000	SKUNG TRADELINK LTD	BMA WEALTH CREATORS LTD.
2	09/03/2015	VITRAG RAJENDRAKUMAR SHETH	BAFNA ENTERPRISES	12:50:10.189295	12:50:10.217431	12:50:10.278486	99,000	BMA WEALTH CREATORS LTD.	SKUNG TRADELINK LTD
3	09/03/2015	BAFNA ENTERPRISES	VITRAG RAJENDRA KUMAR SHETH	13:35:31.990536	13:35:31.967088	13:35:31.990536	99,000	SKUNG TRADELINK LTD	BMA WEALTH CREATORS LTD.
4	09/03/2015	VITRAG RAJENDRAKUMAR SHETH	BAFNA ENTERPRISES	13:36:06.940799	13:36:06.981957	13:36:06.981957	99,000	BMA WEALTH CREATORS LTD.	SKUNG TRADELINK LTD
5	09/03/2015	VITRAG RAJENDRAKUMAR SHETH	BAFNA ENTERPRISES	14:14:44.516720	14:14:44.536430	14:14:44.536430	99,000	BMA WEALTH CREATORS LTD.	SKUNG TRADELINK LTD
6	09/03/2015	VITRAG RAJENDRAKUMAR SHETH	BAFNA ENTERPRISES	14:01:04.494413	14:01:04.526277	14:01:04.526277	99,000	BMA WEALTH CREATORS LTD.	SKUNG TRADELINK LTD
7	09/03/2015	BAFNA ENTERPRISES	VITRAG RAJENDRA KUMAR SHETH	14:00:15.970014	14:00:15.944736	14:00:15.970014	99,000	SKUNG TRADELINK LTD	BMA WEALTH CREATORS LTD.
8	09/03/2015	BAFNA ENTERPRISES	VITRAG RAJENDRA KUMAR SHETH	14:12:06.730537	14:12:06.700205	14:12:06.730537	99,000	SKUNG TRADELINK LTD	BMA WEALTH CREATORS LTD.
9	09/03/2015	BAFNA ENTERPRISES	VITRAG RAJENDRA KUMAR SHETH	15:21:08.919589	15:21:08.895208	15:21:08.919589	99,000	SKUNG TRADELINK LTD	BMA WEALTH CREATORS LTD.
10	09/03/2015	VITRAG RAJENDRAKUMAR SHETH	BAFNA ENTERPRISES	15:21:43.722018	15:21:43.679885	15:21:43.722018	99,000	BMA WEALTH CREATORS LTD.	SKUNG TRADELINK LTD
Total traded quantity/ Total artificial volume generated							**9,90,000**		

20. It is noted from the above table that 10 non-genuine trades (5 cycles of reversal) were executed between clients, Vitrag Rajendrakumar Sheth and Bafna

Enterprises through Brokers, BMA Wealth Creators Limited (Now known as: BRH Wealth Kreators Limited) i.e. Noticee and Skung Tradelink Limited respectively and through these 10 non-genuine trades, artificial volume of 9,90,000 units were generated. Similarly, it is noted that the remaining 692 non-genuine trades were also executed by clients through Noticee as Broker. The details of such non-genuine trades and artificial volume generated through such non-genuine trades are given below:

Sr.No.	Trade Date	Name of the contract	PAN of the clients	Number of Transactions	Artificial Volume	Member PAN	CP Member PAN
1	01/06/2015	IFCI15JUN24.00CEW1	AZOPS0633A-BSUPS7339K	6	48,000	AAOCS2485A	AACCB5141L
2	02/06/2015	IFCI15JUN24.00CEW3	AZOPS0633A-BSUPS7339K	14	1,76,000	AAOCS2485A	AACCB5141L
3	03/06/2015	NHPC15JUN10.00CEW1	APHPP3200M-ABLPM3417H	8	1,00,000	AADCR9629L	AACCB5141L
4	03/06/2015	NHPC15JUN12.00CEW1	APHPP3200M-ABLPM3417H	8	1,00,000	AADCR9629L	AACCB5141L
5	03/06/2015	NHPC15JUN10.00CEW1	APHPP3200M-AHFPR2514L	4	40,000	AADCR9629L	AACCB5141L
6	03/06/2015	NHPC15JUN12.00CEW1	APHPP3200M-AHFPR2514L	4	40,000	AADCR9629L	AACCB5141L
7	03/06/2015	NMDC15JUN110.00CEW3	AZOPS0633A-ABQPM0741H	4	8,000	AAOCS2485A	AACCB5141L
8	03/06/2015	NTPC15JUN125.00CEW3	AZOPS0633A-ABQPM0741H	4	8,000	AAOCS2485A	AACCB5141L
9	04/06/2015	DISH15JUN55.00CEW1	AABTR4264J-ABLPM3417H	4	16,000	AAOCS2485A	AACCB5141L
10	04/06/2015	DISH15JUN55.00CEW2	AABTR4264J-ABLPM3417H	4	16,000	AAOCS2485A	AACCB5141L
11	04/06/2015	IFCI15JUN26.00CEW2	AJUPS7063A-ABLPM3417H	4	48,000	AAOCS2485A	AACCB5141L
12	04/06/2015	NHPC15JUN10.00CEW1	AJUPS7063A-ABLPM3417H	4	40,000	AAOCS2485A	AACCB5141L
13	04/06/2015	NHPC15JUN12.00CEW2	AJUPS7063A-ABLPM3417H	4	60,000	AAOCS2485A	AACCB5141L
14	07/04/2015	IFCI15APR28.00CEW2	APHPP3200M-AWSPP9846P	4	48,000	AAOCS2485A	AACCB5141L
15	07/05/2015	IFCI15MAY28.00CEW1	AABHL1910P-ABLPM3417H	4	32,000	AAOCS2485A	AACCB5141L
16	08/06/2015	NHPC15JUN14.00CEW3	BSUPS7339K-ATTPM0589J	4	40,000	AAOCS2485A	AACCB5141L
17	08/06/2015	NMDC15JUN110.00CEW3	BSUPS7339K-ATTPM0589J	18	1,04,000	AAOCS2485A	AACCB5141L
18	08/06/2015	NTPC15JUN125.00CEW3	BSUPS7339K-ATTPM0589J	8	44,000	AAOCS2485A	AACCB5141L

Sr.No.	Trade Date	Name of the contract	PAN of the clients	Number of Transactions	Artificial Volume	Member PAN	CP Member PAN
19	09/03/2015	GMRI15MAR10.00CEW2	AAKFB7016K-BSUPS7339K	10	9,90,000	AAOCS2485A	AACCB5141L
20	09/03/2015	GMRI15MAR8.00CEW2	AAKFB7016K-BSUPS7339K	6	5,94,000	AAOCS2485A	AACCB5141L
21	10/03/2015	GMRI15MAR10.00CEW2	AAKFB7016K-BSUPS7339K	6	4,14,000	AAOCS2485A	AACCB5141L
22	10/03/2015	GMRI15MAR8.00CEW2	AFNPT5554Q-BSUPS7339K	4	1,62,000	AAOCS2485A	AACCB5141L
23	10/03/2015	IFCI15MAR28.00CEW2	AFNPT5554Q-BSUPS7339K	4	2,88,000	AAOCS2485A	AACCB5141L
24	12/05/2015	JPPW15MAY2.00CEW3	AAIHR1630K-APHPP3200M	8	2,10,000	AAOCS2485A	AACCB5141L
25	13/03/2015	IFCI15MAR28.00CEW3	AABFN8210C-BSUPS7339K	8	5,92,000	AAOCS2485A	AACCB5141L
26	13/03/2015	IFCI15MAR32.00CEW3	AABFN8210C-BSUPS7339K	6	2,08,000	AAOCS2485A	AACCB5141L
27	13/03/2015	NHPC15MAR12.00CEW3	AABFN8210C-BSUPS7339K	10	8,80,000	AAOCS2485A	AACCB5141L
28	13/03/2015	NHPC15MAR16.00CEW3	AABFN8210C-BSUPS7339K	4	2,20,000	AAOCS2485A	AACCB5141L
29	13/03/2015	IFCI15MAR28.00CEW3	ABUPD6296Q-AFNPT5552J	4	2,40,000	AAOCS2485A	AACCB5141L
30	13/03/2015	IFCI15MAR32.00CEW3	ABUPD6296Q-AFNPT5552J	6	3,84,000	AAOCS2485A	AACCB5141L
31	13/03/2015	NHPC15MAR12.00CEW3	ABUPD6296Q-AFNPT5552J	4	2,20,000	AAOCS2485A	AACCB5141L
32	13/03/2015	NHPC15MAR16.00CEW3	ABUPD6296Q-AFNPT5552J	4	2,60,000	AAOCS2485A	AACCB5141L
33	13/03/2015	IFCI15MAR28.00CEW3	AEGPS6277K-BTPPS9650D	5	48,000	AAOCS2485A	AACCB5141L
34	13/03/2015	NHPC15MAR12.00CEW3	AEGPS6277K-BTPPS9650D	4	60,000	AAOCS2485A	AACCB5141L
35	13/03/2015	NHPC15MAR16.00CEW3	AEZPR7806J-BSUPS7339K	4	1,20,000	AAOCS2485A	AACCB5141L
36	13/03/2015	IFCI15MAR28.00CEW3	ALGPR4789N-BSUPS7339K	6	1,76,000	AAOCS2485A	AACCB5141L
37	13/03/2015	NHPC15MAR12.00CEW3	ALGPR4789N-BSUPS7339K	6	1,80,000	AAOCS2485A	AACCB5141L
38	14/05/2015	IFCI15MAY26.00CE	AAEHV1396N-ABLPM3417H	4	32,000	AAOCS2485A	AACCB5141L
39	14/05/2015	IFCI15MAY26.00CEW2	AAIHR1630K-ABLPM3417H	4	32,000	AAOCS2485A	AACCB5141L
40	15/06/2015	NHPC15JUN12.00CEW3	ACRPP3505C-ABLPM3417H	4	40,000	AAOCS2485A	AACCB5141L
41	16/03/2015	NHPC15MAR12.00CEW3	ABUPD6296Q-AFNPT5552J	4	3,00,000	AAOCS2485A	AACCB5141L
42	16/03/2015	IFCI15MAR28.00CEW3	AEZPR7806J-BSUPS7339K	4	1,12,000	AAOCS2485A	AACCB5141L
43	16/03/2015	IFCI15MAR28.00CEW3	BEVPS1863M-BAKPP1861P	4	32,000	AAOCS2485A	AACCB5141L

Sr.No.	Trade Date	Name of the contract	PAN of the clients	Number of Transactions	Artificial Volume	Member PAN	CP Member PAN
44	16/03/2015	UNIT15MAR10.00CEW 3	BEVPS1863M-BAKPP1861P	4	54,000	AAOCS248 5A	AACCB514 1L
45	16/03/2015	UNIT15MAR14.00CEW 3	BEVPS1863M-BAKPP1861P	4	72,000	AAOCS248 5A	AACCB514 1L
46	16/03/2015	IFCI15MAR28.00CEW3	BSUPS7339K-AGAPM6295R	8	1,28,000	AAOCS248 5A	AACCB514 1L
47	16/03/2015	UNIT15MAR12.00CEW 3	BSUPS7339K-AGAPM6295R	6	1,98,000	AAOCS248 5A	AACCB514 1L
48	16/03/2015	UNIT15MAR8.00CEW3	BSUPS7339K-AGAPM6295R	6	72,000	AAOCS248 5A	AACCB514 1L
49	16/04/2015	NHPC15APR12.00CEW3	AAEHV1396N-APHPP3200M	5	60,000	AAOCS248 5A	AACCB514 1L
50	17/03/2015	NHPC15MAR12.00CEW 3	ACJPS9033Q-APYPS0058K	4	80,000	AAOCS248 5A	AACCB514 1L
51	17/03/2015	IFCI15MAR28.00CE	ADEPK4116A-ANQPS8129M	8	8,96,000	AAOCS248 5A	AACCB514 1L
52	17/03/2015	IFCI15MAR28.00CEW3	ADEPK4116A-ANQPS8129M	6	5,44,000	AAOCS248 5A	AACCB514 1L
53	17/03/2015	NHPC15MAR12.00CE	ADEPK4116A-ANQPS8129M	6	6,80,000	AAOCS248 5A	AACCB514 1L
54	18/03/2015	IFCI15MAR28.00CE	AABFN8210C-BSUPS7339K	6	5,28,000	AAOCS248 5A	AACCB514 1L
55	18/03/2015	NHPC15MAR10.00CE	AABFN8210C-BSUPS7339K	8	9,00,000	AAOCS248 5A	AACCB514 1L
56	18/03/2015	IFCI15MAR28.00CEW3	ACJPS9033Q-APYPS0058K	6	64,000	AAOCS248 5A	AACCB514 1L
57	18/03/2015	NHPC15MAR10.00CE	ADEPK4116A-ANQPS8129M	4	1,60,000	AAOCS248 5A	AACCB514 1L
58	18/05/2015	IFCI15MAY26.00CEW3	AAEHV1396N-ABLPM3417H	4	32,000	AAOCS248 5A	AACCB514 1L
59	18/05/2015	NHPC15MAY16.00CEW 3	AAEHV1396N-APHPP3200M	4	40,000	AAOCS248 5A	AACCB514 1L
60	19/03/2015	NHPC15MAR14.00CE	AADCC5298E-BSUPS7339K	4	6,40,000	AAGCA706 5A	AACCB514 1L
61	19/03/2015	IFCI15MAR32.00CEW3	ABUPD6296Q -AFAPT6254N	4	80,000	AAOCS248 5A	AACCB514 1L
62	19/03/2015	NHPC15MAR10.00CE	APHPP3200M -BTPPS9650D	4	1,00,000	AAOCS248 5A	AACCB514 1L
63	20/03/2015	IFCI15APR26.00CEW1	AASPG4250C-AAVPP9909Q	4	48,000	AAOCS248 5A	AACCB514 1L
64	20/03/2015	IFCI15MAR28.00CE	AASPG4250C-AAVPP9909Q	6	64,000	AAOCS248 5A	AACCB514 1L
65	20/03/2015	NHPC15MAR10.00CE	AASPG4250C-ACXPS7364Q	4	60,000	AAOCS248 5A	AACCB514 1L
66	20/03/2015	IFCI15MAR32.00CE	AEKPM6709E-BSUPS7339K	4	32,000	AAOCS248 5A	AACCB514 1L
67	20/03/2015	NHPC15MAR10.00CE	AEKPM6709E-BSUPS7339K	8	2,00,000	AAOCS248 5A	AACCB514 1L
68	20/03/2015	IFCI15MAR28.00CE	ALGPR4789N-BSUPS7339K	4	48,000	AAOCS248 5A	AACCB514 1L

Sr.No.	Trade Date	Name of the contract	PAN of the clients	Number of Transactions	Artificial Volume	Member PAN	CP Member PAN
69	21/04/2015	IFCI15APR24.00CEW4	AABHL1910P-APHPP3200M	4	48,000	AAOCS2485A	AACCB5141L
70	21/04/2015	NHPC15APR14.00CEW4	AABHL1910P-APHPP3200M	4	40,000	AAOCS2485A	AACCB5141L
71	21/05/2015	IFCI15MAY26.00CEW3	AAEHV1396N-ABLPM3417H	4	32,000	AAOCS2485A	AACCB5141L
72	21/05/2015	IFCI15MAY28.00CEW3	AAEHV1396N-ABLPM3417H	4	32,000	AAOCS2485A	AACCB5141L
73	21/05/2015	JPPW15MAY2.00CE	AAEHV1396N-ABLPM3417H	6	1,20,000	AAOCS2485A	AACCB5141L
74	21/05/2015	JPPW15MAY2.00CEW3	AAEHV1396N-ABLPM3417H	8	2,70,000	AAOCS2485A	AACCB5141L
75	22/04/2015	UNIT15APR8.00CEW4	AABHL1910P-APHPP3200M	4	90,000	AAOCS2485A	AACCB5141L
76	22/05/2015	JPPW15MAY2.00CE	AAEHM4622G-ABLPM3417H	6	90,000	AAOCS2485A	AACCB5141L
77	22/05/2015	NHPC15MAY12.00CE	AAIHR1630K-ABLPM3417H	4	40,000	AAOCS2485A	AACCB5141L
78	23/03/2015	IFCI15APR26.00CEW1	AASPG4250C-AACHT7158N	4	80,000	AAOCS2485A	AACCB5141L
79	23/03/2015	NHPC15MAR10.00CE	AASPG4250C-AACHT7158N	6	1,20,000	AAOCS2485A	AACCB5141L
80	23/03/2015	NHPC15MAR12.00CE	AASPG4250C-ADKPS5926J	6	1,20,000	AAOCS2485A	AACCB5141L
81	23/03/2015	IFCI15APR26.00CEW1	AASPG4250C-AEGPS6640N	6	1,44,000	AAOCS2485A	AACCB5141L
82	23/03/2015	NHPC15MAR10.00CE	AASPG4250C-AFAPT6254N	8	2,20,000	AAOCS2485A	AACCB5141L
83	23/03/2015	IFCI15MAR26.00CE	AASPG4250C-AGAPM6295R	4	96,000	AAOCS2485A	AACCB5141L
84	23/03/2015	NHPC15MAR10.00CE	AASPG4250C-AWSPP9846P	6	80,000	AAOCS2485A	AACCB5141L
85	23/03/2015	IFCI15APR26.00CEW1	AASPG4250C-AYMPS3192F	4	96,000	AAOCS2485A	AACCB5141L
86	23/03/2015	UNIT15MAR8.00CE	AEGPS6277K-APDPT4988A	4	72,000	AAOCS2485A	AACCB5141L
87	23/03/2015	IFCI15MAR28.00CE	AULPS0298R-BSUPS7339K	4	32,000	AAOCS2485A	AACCB5141L
88	24/03/2015	IFCI15APR26.00CEW1	AAAHY9129E-BSUPS7339K	4	48,000	AAOCS2485A	AACCB5141L
89	24/03/2015	IFCI15APR28.00CEW1	AAAHY9129E-BSUPS7339K	4	32,000	AAOCS2485A	AACCB5141L
90	24/03/2015	NHPC15MAR10.00CE	AAAHY9129E-BSUPS7339K	4	1,20,000	AAOCS2485A	AACCB5141L
91	24/03/2015	NHPC15MAR10.00CE	AAIHD2582G-AZAPG8649N	4	60,000	AAOCS2485A	AACCB5141L
92	24/03/2015	NHPC15MAR10.00CE	AANHA4593F-BSUPS7339K	6	2,00,000	AAOCS2485A	AACCB5141L
93	24/03/2015	NHPC15MAR12.00CE	AANHA4593F-BSUPS7339K	4	1,00,000	AAOCS2485A	AACCB5141L

Sr.No.	Trade Date	Name of the contract	PAN of the clients	Number of Transactions	Artificial Volume	Member PAN	CP Member PAN
94	24/03/2015	NHPC15MAR10.00CE	AULPS0298R-BSUPS7339K	4	60,000	AAOCS2485A	AACCB5141L
95	25/03/2015	UNIT15MAR8.00CE	AASPG4250C-ABDPK0376K	4	2,70,000	AAOCS2485A	AACCB5141L
96	25/03/2015	UNIT15MAR8.00CE	ABUPD6296Q-BLEPS5314M	6	2,34,000	AAOCS2485A	AACCB5141L
97	25/03/2015	IFCI15APR26.00CEW2	AHUPS0640M-BLEPS5314M	6	6,88,000	AAOCS2485A	AACCB5141L
98	25/03/2015	NHPC15APR12.00CEW2	AHUPS0640M-BLEPS5314M	4	6,00,000	AAOCS2485A	AACCB5141L
99	25/03/2015	IFCI15APR30.00CEW1	AJLPJ9301K-BSUPS7339K	4	48,000	AAOCS2485A	AACCB5141L
100	25/03/2015	UNIT15MAR8.00CE	AJLPJ9301K-BSUPS7339K	10	3,06,000	AAOCS2485A	AACCB5141L
101	25/03/2015	NHPC15MAR10.00CE	APHPP3200M-AAJHP8105L	6	2,60,000	AAOCS2485A	AACCB5141L
102	25/03/2015	IFCI15APR26.00CEW1	APHPP3200M-BGOPS2187M	10	1,28,000	AAOCS2485A	AACCB5141L
103	25/03/2015	IFCI15APR26.00CEW1	APHPP3200M-BIYPS8179K	6	96,000	AAOCS2485A	AACCB5141L
104	25/03/2015	IFCI15APR26.00CEW1	BSUPS7339K-BQRPS4797Q	10	3,20,000	AAOCS2485A	AACCB5141L
105	26/03/2015	NHPC15MAR10.00CE	APHPP3200M-AAJHP8105L	8	4,20,000	AAOCS2485A	AACCB5141L
106	26/03/2015	IFCI15APR26.00CEW2	APHPP3200M-ANAPB1917A	4	4,80,000	AAOCS2485A	AACCB5141L
107	26/03/2015	IFCI15APR26.00CEW3	APHPP3200M-ANAPB1917A	4	5,76,000	AAOCS2485A	AACCB5141L
108	26/03/2015	IFCI15APR26.00CEW1	APHPP3200M-AYMPS3193E	4	64,000	AAOCS2485A	AACCB5141L
109	26/03/2015	NHPC15APR12.00CEW1	APHPP3200M-AZAPG8649N	4	2,00,000	AAOCS2485A	AACCB5141L
110	26/05/2015	JPPW15JUN2.00CE	AAEHJ8223Q-ABLPM3417H	6	90,000	AAOCS2485A	AACCB5141L
111	26/05/2015	JPPW15MAY2.00CE	AAEHM4622G-ABLPM3417H	4	60,000	AAOCS2485A	AACCB5141L
112	27/03/2015	NHPC15APR12.00CEW2	AAWFM7190B-BSUPS7339K	4	2,80,000	AAOCS2485A	AACCB5141L
113	27/03/2015	NHPC15APR12.00CEW3	AAWFM7190B-BSUPS7339K	4	6,00,000	AAOCS2485A	AACCB5141L
114	27/03/2015	NHPC15APR12.00CEW2	ACNFS3306E-BSUPS7339K	4	5,00,000	AAOCS2485A	AACCB5141L
115	27/03/2015	NHPC15APR12.00CEW3	ACNFS3306E-BSUPS7339K	4	3,80,000	AAOCS2485A	AACCB5141L
116	27/03/2015	NHPC15APR12.00CEW3	AHUPS0640M-BLEPS5314M	4	3,00,000	AAOCS2485A	AACCB5141L
117	27/03/2015	IFCI15APR26.00CEW3	APHPP3200M-AAWHS6669B	6	1,44,000	AAOCS2485A	AACCB5141L

Sr.No.	Trade Date	Name of the contract	PAN of the clients	Number of Transactions	Artificial Volume	Member PAN	CP Member PAN
118	27/03/2015	NHPC15APR12.00CEW3	APHPP3200M - AAWHS6669B	6	2,00,000	AAOCS2485A	AACCB5141L
119	27/03/2015	NHPC15APR14.00CEW3	APHPP3200M - AAWHS6669B	4	60,000	AAOCS2485A	AACCB5141L
120	27/03/2015	NHPC15APR12.00CEW3	APHPP3200M -ADRPS5358R	4	2,40,000	AAOCS2485A	AACCB5141L
121	27/03/2015	NHPC15APR12.00CEW3	APHPP3200M -ANAPB1917A	6	5,40,000	AAOCS2485A	AACCB5141L
122	27/03/2015	NHPC15APR12.00CEW3	APHPP3200M -BFCPS3505J	4	3,20,000	AAOCS2485A	AACCB5141L
123	27/03/2015	NHPC15APR12.00CEW3	BSUPS7339K-ABDPK0376K	4	1,40,000	AAOCS2485A	AACCB5141L
124	27/03/2015	IFCI15APR26.00CEW2	BSUPS7339K-AIVPT4894J	4	48,000	AAOCS2485A	AACCB5141L
125	27/05/2015	UNIT15MAY12.00CE	AZOPS0633A-BSUPS7339K	8	1,26,000	AAOCS2485A	AACCB5141L
126	28/05/2015	DISH15JUN95.00CEW1	AZOPS0633A-BSUPS7339K	12	1,76,000	AAOCS2485A	AACCB5141L
127	31/03/2015	IFCI15APR24.00CEW2	AIAPG7306B-AAJHP8105L	4	1,44,000	AABCF0080D	AACCB5141L
128	31/03/2015	IFCI15APR24.00CEW4	AIAPG7306B-AWSPP9846P	4	48,000	AABCF0080D	AACCB5141L
129	31/03/2015	IFCI15APR24.00CEW3	AIAPG7306B-AZAPG8649N	4	1,12,000	AABCF0080D	AACCB5141L
130	31/03/2015	NHPC15APR12.00CEW2	AIAPG7306B-AZAPG8649N	4	80,000	AABCF0080D	AACCB5141L
131	31/03/2015	NHPC15APR12.00CEW2	CMAPS2305G -BFCPS3505J	4	5,80,000	AABCF0080D	AACCB5141L
TOTAL				698	2,58,42,000		

21. It is noted from the above table that 692 non-genuine trades were executed by clients through Noticee as Broker and an artificial volume of 2,58,42,000 units were generated through such non-genuine trades. It is also noted that for all non-genuine transaction executed between two clients through two different brokers, Noticee was Broker for one of the leg of the transaction/trade. It is further noted that the clients had executed a total of 702 non-genuine trades through Noticee as Broker and an artificial volume of 2,64,42,000 units were generated through such repeated trade reversals.

22. It is noted that BSE vide Notice No. 20130307-21 dated March 07, 2013 addressed to all Trading Members of BSE having subject "Surveillance Obligations for Trading Members" pertaining to "e-Boss" *inter alia* provided an indicative list of alerts that will be generated by BSE which includes reversal of trades in cash and derivative segment. Further, the aforesaid Notice of BSE casts obligation on the Trading Member (Broker) to monitor and report alerts specifically mentioning the following:

> *"*
>
> *.....*
>
> *The trading members are hereby further informed that the aforementioned transactional alerts are indicative in nature and the trading members can derive their own alerts in addition to the said transactional alerts as per their surveillance policy.*
>
> *....."*
>
> *"......*
>
> ***Monitoring and reporting:***
>
> *1. For effective monitoring, Trading Member shall:*
>   *a. Frame a surveillance policy covering:*
>   *i....*
>   *ii....*
>   *iii. Suspicious / Manipulative activity identification and reporting process.*
>   *iv.....*
>
>   *b. The surveillance policy of the Trading Member shall be approved by its Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) as the case may be.*
>
>   *c. A quarterly MIS shall be put up to the Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at the end of the quarter. Reasons for pendency shall be discussed and appropriate action taken. Also, the Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) shall be apprised of any exception noticed during the disposition of alerts.*
>
>   *d. The surveillance process shall be conducted under overall supervision of its Compliance Officer.*
>
>   *e. Designated directors / partners / proprietor / Compliance Officer would be responsible for all surveillance activities carried out by the Trading Member and for the record maintenance and reporting of such activities.*
>
> *2. Internal auditor of Trading Member shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report."*
>
> ...."

23. Therefore, it is noted that in terms of the aforesaid notice, every broker is necessarily required to frame a surveillance policy, *inter alia*, covering suspicious/manipulative activity identification and reporting process. Further, it is noted that vide email dated November 06, 2020, BSE had confirmed that no broker

including Noticee had reported any suspicious transactions to BSE being executed on Stock Options segment of BSE during the IP.

24. In its submission, Noticee has contended that they are sanguine that they had never allowed use of Illiquid Stock Option at BSE through them and thus no transaction was done in respect thereof. Noticee also stated that since October 1, 2019, they were not operating their business and all their employees had left, because of which they are unable to trace any old record. In this regard, it is noted from the above paragraphs that 702 non-genuine trades were executed by clients through Noticee as Broker and an artificial volume of 2,64,42,000 units were generated through such non-genuine trades. Therefore, it is noted that despite such reversal transactions were undertaken by clients through Noticee, Noticee failed to notice them immediately or even till date, as evident from the submission of the Noticee. Therefore, the contention of Noticee in this regard cannot be accepted.

25. In view of the above, it is noted that a total of 702 non-genuine were executed by clients through Noticee as Broker and an artificial volume of 2,64,42,000 units were generated during the IP. However, Noticee neither had a system to monitor such trading activities including the reversal trades nor reported the trades including the reversal trades to BSE in terms of the BSE Noticee dated March 07, 2013 as noted from BSE email dated November 06, 2020. Therefore, Noticee had failed to exercise care and diligence in the conduct of its business while dealing with its clients. Having regard to the facts and circumstances of the case, the material available on record, I hold that the allegation that Noticee has violated the provisions of Schedule II A (2) of Code of Conduct for Stock Brokers read with Regulation 9(f) of the Broker Regulations stands established.

Issue No. 2- Does the violation attract monetary penalty under Section 15HB of SEBI Act?

26. In this regard, I place reliance on the judgement of Hon'ble Supreme Court of India the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} wherein Hon'ble Supreme Court 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.''*

27. Therefore, in view of the above judgments and considering that Noticee violated the provisions of Schedule II A (2) of Code of Conduct for Stock Brokers read with Regulation 9(f) of the Broker Regulations, as established in the foregoing paragraphs, I find that Noticee would be liable for monetary penalty under Section 15HB of the SEBI Act. The text of Section 15HB of the SEBI Act is reproduced below:

> **SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992**
>
> ***Penalty for contravention where no separate penalty has been provided.***
>
> ***15HB.*** *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

Issue No.3 - What should be the quantum of monetary penalty?

28. While determining the quantum of penalty under Section 15HB of the SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under:-

> **SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992**
>
> ***Factors to be taken into account while adjudging quantum of penalty.***

__Section 15J__ - While adjudging quantum of penalty under section 15-I, 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.

__Explanation__- For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

29. It is noted that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on the part of the said Noticee. However, it is pertinent to note that the role of a Broker/Trading Member(TM) is crucial to the development of the securities market, as the broker is the first mile of contact for the majority of the investors. In this regard, the role of a Broker is crucial as a facilitator of investors into the securities market. So, it is of utmost importance that every Broker abides by the relevant regulations, provisions of SEBI/ Stock Exchange circulars and various guidelines issued by SEBI/ Stock Exchanges. The non-compliances on the part of the Noticee as brought out in the preceding paragraphs clearly shows that it has failed to exercise due care and diligence in the conduct of their business while dealing with their respective clients.

E. ORDER

30. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and in exercise of powers conferred upon me under Section 15-I of the SEBI Act 1992 read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs. 2,00,000/-(Rupees Two Lakhs only) on Noticee i.e. BMA Wealth Creators Limited (Now known as: BRH Wealth Kreators Limited), under the provision of Section

15HB of the SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of Noticee.

31. Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

32. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings 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.

33. Copy of this Adjudication Order is being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

Place: Mumbai **AMAR NAVLANI**
Date: March 31, 2023 **ADJUDICATING OFFICER**