BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/JS/YK/2025-26/31963]

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:
Hasina Kasambhai Shekh
(PAN: BFHPS4813N)

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 Hasina Kasambhai Shekh (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. Her 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, her trades were alleged to be manipulative and deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against her 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 August 08, 2022 (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 her 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. Vide Part B of above referred SCN, 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.

8. The SCN was duly served upon Noticee. The son of Noticee vide e-mails dated April 05, 2023 and April 06, 2023 submitted that his father used to handle the trading accounts of his mother and enclosed the death certificate of his father.

9. It was observed that Noticee did not avail the Settlement Scheme 2022, therefore, the adjudication proceedings against her were resumed. Vide notice of hearing dated May 09, 2023, Noticee was granted an opportunity of hearing on May 29, 2023. However, Noticee did not avail the opportunity of hearing. Subsequently, a Post SCN Intimation (hereinafter referred to as **"PSI"**) dated March 06, 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. Later, the applicable period of the Settlement Scheme 2024 was extended to June 10, 2024 by SEBI.

10. It was observed that Noticee did not avail the Settlement Scheme 2024, therefore, the adjudication proceedings against her were resumed. Pursuant to appointment of the undersigned as AO, vide notice of hearing dated June 24, 2025, Noticee was granted a fresh opportunity of hearing on July 11, 2025. However, Noticee failed to appear for hearing on July 11, 2025. Thereafter, vide e-mail dated July 24, 2025, Authorised representative (AR) of Noticee (Khaitan & Co) submitted that Noticee had not been served with a copy of SCN. In response, it was informed to AR of Noticee that SCN had already been served upon Noticee and a reply vide e-mail dated April 06, 2023 had also been filed. However, in the interest of natural justice, copy of SCN was again provided to AR of Noticee. Subsequently, vide e-mail dated August 18, 2025, AR of Noticee submitted the reply, *inter alia*, stating as under:

(a) *The Noticee is a 63-year-old widow and possesses limited financial literacy. The Noticee was not responsible for the trades in question as the same were in fact executed by her late husband Mr. Kasambhai Shekh as submitted earlier vide response dated April 06, 2023.*

(b) *The Noticee was merely a name lender at best, and no wrongdoing and/or penal liability ought to be fastened on the Noticee who was never aware of the alleged trades being executed. SEBI on prior occasions has abated adjudication proceedings in the event the person involved in the alleged wrongdoing had passed away during the pendency of the proceedings. For instance, in the adjudication proceedings in respect of Lalit C. Gandhi in the matter of Lok Housing and Construction Limited dated June 30, 2010, SEBI abated the proceedings in view of the noticee therein having passed away during the pendency of proceedings. Similarly, in the adjudication proceedings in respect of late Shail Agarwal in the matter of dealings in Illiquid Stock Options at BSE dated March 28, 2024, SEBI abated the proceedings in view of the noticee therein having passed away during the pendency of proceedings.*

(c) *The SCN suffers from inordinate delay. The SCN issued by SEBI is liable to be quashed and set aside as it suffers from inordinate delay and laches. In this context, reliance was placed on the orders of Hon'ble Supreme Court of India in Adjudicating Officer, SEBI v. Bhavesh Pabari [(2019) SCC OnLine SC 294], Government of India v. Citedal Fine Pharmaceuticals, Madras and Ors [AIR 1989*

SC 1771] and orders of Hon'ble SAT in the matter of Ashlesh Gunvantbhai Shah v. SEBI [Appeal No. 169 of 2019].

(d) *The SCN has, with the benefit of hindsight, categorized the transactions in question as non-genuine trades, where in fact, the trades were genuine trades entered into by the Noticee's husband through an anonymous screen-based trading platform provided by the stock exchange. In this context, reliance was placed on the orders of Hon'ble SAT in R.K Global Shares and Securities Limited v. SEBI [Appeal No. 158 of 2008] and Ramod Kumar Agrawal (HUF) v. SEBI [Appeal No. 105 of 2007].*

(e) *The trades in question in the SCN were executed on the anonymous platform of the exchange, without any knowledge of counterparty and at price ranges that were allowed and shared in the public domain on a real time basis by the exchange. The obligations arising out of it have been settled through the clearing mechanism of the exchange. Further, BSE, the platform that facilitated and enabled the transactions, has preferred no actions, in spite of it being the first line regulator. The information displayed on BSE's On-Line Trading System ("BOLT") with respect to the alleged trades and the trading history is available in the public domain and thus equally nurtures and meets with the requisition of investor wherein question of creation of artificial volume or misleading appearance does not arise at all. The Noticee's husband merely traded in the said contracts as a part of his trading in the futures & options segment, without having any intention to manipulate the volume of the contract. In fact, each and every trade in an illiquid contract is bound to impact the volume. Apart from merely relying on the volume impact of the trades to hold the transactions as non-genuine, SEBI has not brought forth any other factor that imputes any manipulation in the said transactions. SEBI has, as the sole basis of the charge alleged in the SCN, relied on what it states is the nature of the transaction and the impact on volume it had. In this regard, SEBI has failed to appreciate the fact that there is high probability of any trade in any illiquid stock option to constitute a significant portion of the total market volume of the day. The same cannot be used as the only piece of evidence to establish that the trade was artificial. Further, the reasons of trades being carried out at a price difference and reversed with the same party are also genuine as the Risk Disclosure Document ("RDD") issued by SEBI envisages such a situation and also warns the investors and traders against them as it accepts that these are bound to happen.*

(f) The SCN fails to appreciate that the Noticee traded with several counterparties. SEBI has failed to appreciate that the Noticee's husband traded with several counterparties and the SCN has not sought to establish any connection between the counterparty and the Noticee. In the absence of any connection with the counterparty, reversal of transaction in a few unique contracts which were illiquid cannot lead to a definitive conclusion that the said transactions were non-genuine and carried out with a view to manipulate the volume of such contract. It is well settled that in order to establish the allegation of reversal trades nexus between the parties has to be brought on record, and unless some connection between the parties is established, it cannot be alleged that the alleged reversal trades were carried out with a view to generate artificial volume in the market.

(g) *In this regard, the SAT in S.P.J. Stock Brokers Pvt Ltd v. SEBI [Appeal No. 52 of 2013] has held that if there is no direct or circumstantial evidence which is brought on record to suggest that a person was connected to a group of traders or connived with such group, it would not be proper to hold appellant to be guilty of violating PFUTP Regulations / Broker Regulations merely because trades between that group and such person were found to be synchronized.*

(h) *Similarly, the SAT in Saroj & Co., Proprietor Sanjay Agrawal v. Adjudicating Officer, SEBI [Appeal No. 213 of 2011] observed that reference to mere matching of a few trades may not necessarily point to fraudulent intention of a person and that nexus between the parties for establishing reversal trades is required. Screen-based trading functions on the basis of anonymity and sometimes orders may get matched when trades are executed keeping in mind price, time and volume, and thus it is important to establish the nexus between the parties. Further, the SAT in Dhvani Darshan Kothari v. SEBI [Appeal No. 276 of 2020], while rejecting the allegation of manipulative trades made the following noteworthy observation:*

"We are also of the opinion that synchronized trading can only happen between connected persons having common intentions. Since connection between the appellants and other entities have not been established, the charge relating to synchronized trading automatically fails."

(i) *Further, Hon'ble SAT in Kapil Chatrabhuj Bhuptani v. SEBI [Appeal No. 95 of 2013] observed that a meeting of minds between parties is needed for reversal of trades to happen. Without establishing 'connection' with the counterparty, a meeting of minds cannot be assumed to be allege manipulative transactions.*

(j) *In view of the foregoing, it was submitted that Noticee's husband traded in the ordinary course of trading and was not connected to any entity which could suggest that there was an intent to manipulate the market. Merely because the counterparty in a few unique contracts which were illiquid happened to be the same, it could not be alleged that the Noticee had indulged in manipulative reversal of trades.*

(k) *The SCN fails to meet the preponderance of probabilities standard to establish a violation of the PFUTP Regulations: It is significant that the Hon'ble Supreme Court of India in SEBI v. Kishore R. Ajmera [Civil Appeal No. 2818 of 2008] has observed the following:*

"While the screen-based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder 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."

(l) *In light of the above, the SCN has failed to meet the preponderance of probability standard required to establish the alleged charge. In the instant case, it is vital to consider that the allegation set out against the Noticee concerns only 16 unique* *contracts and 52 trades during an Investigation Period which spans over 1.5 years. Further, out of the 2,91,643 non-genuine trades during the Investigation Period, the Noticee is only being accused of 0.017% of the non-genuine trades which is wholly negligible. Moreover, the SCN overlooks the fact that the entire extent of the so-called 'artificial volume' in illiquid stock options pinned on the Noticee merely amounts to 1288000 units solely on the basis of which SEBI has made sweeping allegations against the Noticee.*

(m) *It is significant to note that the SAT in Shruti Vora v. SEBI [Appeal No. 308 of 2020] had observed that mere existence of one or two attendant circumstances will not definitively lead to the satisfaction of the preponderance of probability standard against a person. Similarly, in the case of HB Stockholdings v. SEBI [Appeal No. 114 of 2012] the SAT observed that the mere factum of one or two entities sharing common address or one of the entities being the promoter of the other group at some point in time are not in themselves sufficient to bring home the residual charge of fraud and that there has to be sufficient evidence on record to clearly prove connivance on the part of the accused. In the same vein, the Hon'ble Supreme Court of India in the matter of SEBI v. Shri Kanaiyalal Baldevbhai Patel [(2017) 15 SCC 7], opined on the standard of evidence required to hold a person liable for a charge under the PFUTP Regulations, and held that:*

"…The inferential conclusion from the proved and admitted facts, so long the same are reasonable and can be legitimately arrived at on a consideration of the totality of the materials, would be permissible and legally justified."

(n) *In view of the settled position, it was submitted that the SCN in the present case has not brought on record even a single attendant circumstance that could hint towards a possibility of any form of connivance or collusion. Therefore, the SCN has failed to discharge the preponderance of probability standard for establishing liability and is therefore liable to be quashed and set aside. In this regard, reliance is placed on the order of Hon'ble SAT in the matter of DLF Limited v. SEBI [Appeal No. 331 of 2014].*

(o) *Similarly, the SAT in KSL & Industries v. Chairman, SEBI [Appeal No. 9 of 2003] observed that a wild allegation of market manipulation, in particular, the charge of fraudulent action unsupported with convincing evidence cannot to be sustained and an allegation of fraud cannot survive on mere conjectures and surmises. Further, the SAT in M/s. Ess Ess Intermediaries v. SEBI [Appeal No. 13 of 2013] observed that an allegation of fraud can be levelled against a person/entity only for good reasons and on the basis of clear and unambiguous evidence since such an allegation has the potential to shake the very foundation of the entity in question. In the instant matter, given that no evidence whatsoever, either direct or circumstantial has been brought forth in the SCN in support of the allegation levelled, the grave charge of fraud/market manipulation cannot be established.*

(p) *Furthermore, the alleged trades do constitute "fraud" as envisaged under Section 2(1)(c) of the PFUTP Regulations. There has been no concealment, omission, misrepresentation of truth, concealment of a material fact, suggestion to a fact which is not true, any promise made without intending to perform such promise, any representation made in reckless and careless manner, deprivation of any right* *of another person, false statement, or alike. The alleged trades were executed in terms of ask and bid prices of the stock options and was done on a transparent trading system of the BSE. All the trading done by the Noticee's husband was genuine, bona fide and in normal course of trading without any fraudulent/manipulative intent. No third- party prejudice was caused and consequentially there could not be any deception, fraud or deceit perpetuated upon any person in contravention of the laid-down provisions.*

(q) The SCN fails to appreciate that pricing of options is a complex arithmetical calculation based on several variables most of which are subjective and presumptive thus making a huge range of price to be completely valid and genuine. What has been considered in the SCN is only an option with a particular strike price and not the total trading on the options segment in a particular scrip at the relevant point of time. Thus, the percentages shown in the SCN are misleading and cannot be relied upon. Further, it is worth mentioning that the price of an option is derived based on complex formulas dealing with price of the underlying, time to expiry, expected volatility, rate of interest, etc., all of which are dynamic thus resulting in exponential increase in the lower and upper valid prices of options. SEBI and exchanges have put in place a mechanism of price band in the capital market segment to control extreme volatility, which may result in trades taking place at unrealistic prices. However, no such price band mechanism was in place for the options segment. This in itself means that all prices at which the alleged trades were executed were not unrealistic. Thus, after having failed to put in place such a mechanism due to complexity of such a product in spite of having infinite wherewithal with SEBI and exchanges, it cannot be expected of common investors and traders to know the correct range of option prices. Moreover, appropriate taxes (including securities transaction tax, service tax, etc) and other charges have been paid to the exchequer in relation to all shares and securities trading done and accordingly, requisite income tax has also been paid for the Investigation Period by the Noticee. Thus, imposition of any penalty on the Noticee will be disproportionate, harsh, unwarranted, and will severely prejudice the Noticee.

(r) As per the regulatory scheme of the SEBI Act, the Adjudicating Officer has to mandatorily consider the mitigating factors mentioned in Section 15-J to determine the quantum of penalty to be imposed in a given case. These are –

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.

(s) Judicial precedents of the Hon'ble Supreme Court of India in Adjudicating Officer, SEBI v. Bhavesh Pabari, [(2019) 5 SCC 90] have also established that such mitigating factors have to be taken into account by the adjudicating officer while determining the quantum of penalty being imposed. The same has also been reaffirmed by the SAT in National Highway Authority of India v. SEBI [Appeal No. 232 of 2020]. In relation to the instant matter, without prejudice to all submissions on merits and without admitting any violation whatsoever, that the trades in

consideration were executed in the ordinary course of trading and no disproportionate gain or unfair advantage was made as a result of the alleged default, that no loss was caused to any investor or group of investors as a result of the default. Noticee placed great importance on complying with the law of the land. Considering the above, penalty, if any, on the Noticee ought to be minimal.

(t) *It is trite law that the above-stated factors are not exhaustive. In light thereof, it was submitted that factors such as the inordinate delay in issuing the SCN to the Noticee and given the fact that such trades were in fact placed by the Noticee's late husband highlights the bona fide conduct as elucidated hereinabove, and ought to be considered as a mitigating factors in the adjudicating the present matter. Moreover, from the various orders passed by SEBI in such matters, it can be reasonably inferred that the violations in such illiquid options matters were venial and technical only.*

11. Noticee was provided another opportunity of hearing on January 05, 2026 wherein AR of Noticee reiterated the submissions made vide e-mail dated August 18, 2025.

CONSIDERATION OF ISSUES AND EVIDENCE

12. I have perused the allegations levelled against the Noticee in the SCN, her 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:

<u>Relevant provisions of PFUTP Regulations</u>:

*"**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 submissions made by Noticee that SCN suffers from inordinate delay and therefore, SCN is liable to be quashed and set aside. The Noticee had also relied on the orders of Hon'ble Supreme Court of India in the matter of Adjudicating Officer, SEBI v. Bhavesh Pabari [(2019) SCC OnLine SC 294], Government of India v. Citedal Fine Pharmaceuticals, Madras and Ors [AIR 1989 SC 1771] and order of Hon'ble SAT in the matter of Ashlesh Gunvantbhai Shah v. SEBI [Appeal No. 169 of 2019].

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 ISO 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[1], 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 erstwhile AO, SCN dated August 08, 2022 was issued to the Noticee wherein Noticee was also informed regarding Settlement Scheme 2022, however, Noticee did not avail the said settlement scheme. In between,

[1] *(2019) SCC Online SC 294*

Noticee was also granted an opportunity of hearing on May 29, 2023. However, Noticee had not availed the said opportunity. Subsequently, the Noticee was informed regarding the Settlement Scheme 2024, vide PSI dated March 06, 2024. Since the Noticee failed to avail the settlement schemes, the adjudication proceedings initiated against her 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 11, 2025. Subsequently, vide e-mail dated August 18, 2025, AR of Noticee submitted the reply and the matter was finally heard on January 05, 2026. 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 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 12,88,000 units through 45 non-genuine trades in 16 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
RELI15MAR840.00CEW3	39.85	40,000	34.85	40,000	100	100
RANB15APR820.00CEW2	32	40,000	27	40,000	100	100
STAC15MAR1000.00CE	112.85	15,000	102.85	15,000	100	42.25
JUST15APR1380.00CEW1	22.75	12,000	14.4	12,000	100	10.53
JUST15APR1410.00CEW1	23.95	10,000	13.95	10,000	100	50
HAIL15APR310.00CEW2	5.85	35,000	1.55	35,000	100	100
HAIL15APR300.00CEW1	8.7	1,00,000	6.7	1,00,000	100	49.75
JUST15APR1350.00CEW1	48.85	10,000	33.85	10,000	100	50
CESC15APR600.00CEW2	6.77	75,000	3.94	75,000	100	100
AXIS15APR500.00CEW2	51.2	50,000	48.2	50,000	100	72.46
IIBK15APR880.00CEW2	22.3	50,000	10.3	50,000	100	100
IIBK15APR880.00CEW3	29.59	45,000	5.15	45,000	100	100
IIBK15APR880.00CE	32.64	32,000	7.64	32,000	100	7.69
MSSL15APR480.00CEW2	27.9	33,500	13.05	33,500	100	50
MSSL15APR490.00CEW3	22.85	33,500	7.85	33,500	100	50
MSSL15APR500.00CEW4	16.39	63,000	6.07	63,000	100	65.63

21. Details of trades in each of the aforesaid contracts is illustrated below:

(a) RELI15MAR840.00CEW3 - on March 19, 2015, the Noticee, at 11:31:26 hours, entered into a buy trade in a contract, viz., "RELI15MAR840.00CEW3" with counterparty "Arjun Bothmal Singhvi" for 40,000 units at Rs. 39.85/- per unit. On the same day, at 11:32:04 hours, Noticee entered into a sell trade with the same counterparty for 40,000 units at Rs. 34.85/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Arjun Bothmal Singhvi 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 80,000 units, which made up 100% of total market volume in the said contract during the IP.

(b) RANB15APR820.00CEW2- on March 19, 2015, the Noticee, at 11:33:40 hours, entered into a buy trade in a contract, viz., "RANB15APR820.00CEW2" with counterparty "Sangeeta Arjun Singhvi" for 40,000 units at Rs. 32/- per unit. On the same day, at 11:33:59 hours, Noticee entered into a sell trade with the same counterparty for 40,000 units at Rs. 27/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Sangeeta Arjun Singhvi 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 80,000 units, which made up 100% of total market volume in the said contract during the IP.

(c) STAC15MAR1000.00CE - on March 20, 2015, the Noticee, at 14:55:53 hours, entered into a buy trade in a contract, viz., "STAC15MAR1000.00CE" with counterparty "Shivangi Yogesh Baldi" for 15,000 units at Rs. 112.85/- per unit. On the same day, at 14:56:10 hours, Noticee entered into a sell trade with the same counterparty for 15,000 units at Rs. 102.85/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Shivangi Yogesh Baldi 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 30,000 units, which made up 42.25% of total market volume in the said contract during the IP.

(d) JUST15APR1380.00CEW1 - on March 25, 2015, the Noticee, at 11:16:02 hours, entered into a buy trade in a contract, viz., "JUST15APR1380.00CEW1" with counterparty "Dhirendra Nathalal Kanabar" for 12,000 units at Rs. 22.75/- per unit. On the same day, at 11:16:18 hours, Noticee entered into a sell trade with the same counterparty for 12,000 units at Rs. 14.4/- per unit. It is noted that the

Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Dhirendra Nathalal Kanabar 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 24,000 units, which made up 10.53% of total market volume in the said contract during the IP.

(e) JUST15APR1410.00CEW1 - on March 25, 2015, the Noticee, at 11:18:54 hours, entered into a buy trade in a contract, viz., "JUST15APR1410.00CEW1" with counterparty "Girish Gordhanbhai Karia" for 10,000 units at Rs. 23.95/- per unit. On the same day, at 11:19:12 hours, Noticee entered into a sell trade with the same counterparty for 10,000 units at Rs. 13.95/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Girish Gordhanbhai Karia 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 20,000 units, which made up 50% of total market volume in the said contract during the IP.

(f) HAIL15APR310.00CEW2 - on March 25, 2015, the Noticee, at 11:24:47 hours, entered into a buy trade in a contract, viz., "HAIL15APR310.00CEW2" with counterparty "Jay Vallabhbhai Dholaria HUF" for 35,000 units at Rs. 5.85/- per unit. On the same day, at 11:25:03 hours, Noticee entered into a sell trade with the same counterparty for 35,000 units at Rs. 1.55/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Jay Vallabhbhai Dholaria 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 70,000 units, which made up 100% of total market volume in the said contract during the IP.

(g) HAIL15APR300.00CEW1 - on March 25, 2015, the Noticee, at 11:29:13 and 11:29:27 hours, entered into a buy trade in a contract, viz., "HAIL15APR300.00CEW1" with counterparty "Dhirendra Nathalal Kanabar" for 10,000 units and 90,000 units respectively at Rs. 8.7/- per unit. On the same day, at 11:29:59 hours, Noticee entered into a sell trade with the same counterparty for 1,00,000 units at Rs. 6.7/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 3 trades (1 sell trade and 2 buy trades) with same counterparty, viz., Dhirendra Nathalal Kanabar on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's three trades while dealing in the aforesaid contract during the IP generated artificial volume of 2,00,000 units, which made up 49.75% of total market volume in the said contract during the IP.

(h) JUST15APR1350.00CEW1 - on March 25, 2015, the Noticee, at 12:17:17 hours, entered into a buy trade in a contract, viz., "JUST15APR1350.00CEW1" with counterparty "Beenaben Chetanbhai Mehta" for 10,000 units at Rs. 48.85/- per unit. On the same day, at 12:17:48 hours, Noticee entered into a sell trade with the same counterparty for 10,000 units at Rs. 33.85/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Beenaben Chetanbhai Mehta 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 20,000 units, which made up 50% of total market volume in the said contract during the IP.

(i) CESC15APR600.00CEW2 - on March 25, 2015, the Noticee, at 12:25:06 hours, entered into a buy trade in a contract, viz., "CESC15APR600.00CEW2" with counterparty "Chetanbhai Chandulal Mehta" for 45,000 units at Rs. 7.15/- per unit. On the same day, at 12:25:18 hours, Noticee entered into a sell trade with the same counterparty for 45,000 units at Rs. 3.8/- per unit. Thereafter, at 12:30:39 hours, Noticee again entered into a buy trade in the same contract with the same counterparty for 30,000 units at Rs. 6.2/- per unit. On the same day, at 12:30:49 hours, Noticee entered into a sell trade with the same counterparty for 30,000 units at Rs. 4.15/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 4 trades (2 sell trades and 2 buy trades) with same counterparty, viz., Chetanbhai Chandulal Mehta on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's four trades while dealing in the aforesaid contract during the IP generated artificial volume of 1,50,000 units, which made up 100% of total market volume in the said contract during the IP.

(j) AXIS15APR500.00CEW2 - on March 27, 2015, the Noticee, at 11:19:41 hours, entered into a sell trade in a contract, viz., "AXIS15APR500.00CEW2" with counterparty "Parul Ajaykumar Dhanesha" for 50,000 units at Rs. 48.2/- per unit. On the same day, at 11:20:20 hours, Noticee entered into a buy trade with the same counterparty for 50,000 units at Rs. 51.2/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Parul Ajaykumar Dhanesha 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 1,00,000 units, which made up 72.46% of total market volume in the said contract during the IP.

(k) IIBK15APR880.00CEW2 - on March 30, 2015, the Noticee, at 13:39:53 hours, entered into a buy trade in a contract, viz., "IIBK15APR880.00CEW2" with counterparty "Budhdhadev Mahendra Girdharlal" for 25,000 units at Rs. 22.85/- per unit. On the same day, at 13:40:18 hours, Noticee entered into a sell trade with the same counterparty for 25,000 units at Rs. 10.85/- per unit. Thereafter, at 13:43:58 hours, Noticee again entered into a buy trade in the same contract with the same counterparty for 25,000 units at Rs. 21.75/- per unit. On the same day, at 13:44:20 hours, Noticee entered into a sell trade with the same counterparty for 25,000 units at Rs. 9.75/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 4 trades (2 sell trades and 2 buy trades) with same counterparty, viz., Budhdhadev Mahendra Girdharlal on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's four trades while dealing in the aforesaid contract during the IP generated artificial volume of 1,00,000 units, which made up 100% of total market volume in the said contract during the IP.

(l) IIBK15APR880.00CEW3 - on March 30, 2015, the Noticee, at 13:49:15 hours, entered into a buy trade in a contract, viz., "IIBK15APR880.00CEW3" with counterparty "Shivangi Yogesh Baldi" for 12,500 units at Rs. 29.65/- per unit. On the same day, at 13:49:32 hours, Noticee entered into a sell trade with the same counterparty for 12,500 units at Rs. 5.65/- per unit. Then, at 13:51:08 hours, Noticee again entered into a buy trade in the same contract with counterparty "Dhaval Jagdish Baldi" for 12,500 units at Rs. 29.45/- per unit. On the same day, at 13:51:23 hours, Noticee entered into a sell trade with the same counterparty for 12,500 units at Rs. 5.45/- per unit. Thereafter, at 13:59:49 hours, Noticee again entered into a buy trade in the same contract with counterparty "Parag Jagdishbhai Sheth" for 20,000 units at Rs. 29.65/- per unit. On the same day, at 14:00:18 hours, Noticee entered into a sell trade with the same counterparty for 20,000 units at Rs. 4.65/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 6 trades (3 sell trades and 3 buy trades) with 3 different counterparties on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's six trades while dealing in the aforesaid contract during the IP generated artificial volume of 90,000 units, which made up 100% of total market volume in the said contract during the IP.

(m) IIBK15APR880.00CE - on March 30, 2015, the Noticee, at 14:04:55 hours, entered into a buy trade in a contract, viz., "IIBK15APR880.00CE" with counterparty "Parag Jagdishbhai Sheth" for 20,000 units at Rs. 32.75/- per unit. On the same day, at 14:05:23 hours, Noticee entered into a sell trade with the same counterparty for 20,000 units at Rs. 7.75/- per unit. Thereafter, at 14:45:11 hours, Noticee again entered into a buy trade in the same contract with counterparty "Deepak Amrutlal Kotak" for 12,000 units at Rs. 32.45/- per unit. On the same day, at 14:45:22 hours, Noticee entered into a sell trade with the same counterparty for 12,000 units at Rs. 7.45/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 4 trades (2 sell trades and 2 buy trades) with 2 different counterparties on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's four trades while dealing in the aforesaid contract during the IP generated artificial volume of 64,000 units, which made up 7.69% of total market volume in the said contract during the IP.

(n) MSSL15APR480.00CEW2 - on March 31, 2015, the Noticee, at 11:40:15 hours, entered into a buy trade in a contract, viz., "MSSL15APR480.00CEW2" with counterparty "Parag Jagdishbhai Sheth" for 33,500 units at Rs. 27.9/- per unit. On the same day, at 11:40:29 hours, Noticee entered into a sell trade with the same counterparty for 33,500 units at Rs. 13.05/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Parag Jagdishbhai Sheth 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 67,000 units, which made up 50% of total market volume in the said contract during the IP.

(o) MSSL15APR490.00CEW3 - on March 31, 2015, the Noticee, at 11:41:17 hours, entered into a buy trade in a contract, viz., "MSSL15APR490.00CEW3" with counterparty "Parag Jagdishbhai Sheth" for 33,500 units at Rs. 22.85/- per unit. On the same day, at 11:41:31 hours, Noticee entered into a sell trade with the same counterparty for 33,500 units at Rs. 7.85/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 2 trades (1 sell trade and 1 buy trade) with same counterparty, viz., Parag Jagdishbhai Sheth 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 67,000 units, which made up 50% of total market volume in the said contract during the IP.

(p) MSSL15APR500.00CEW4 - on March 31, 2015, the Noticee, at 12:02:16 hours, entered into a buy trade in a contract, viz., "MSSL15APR500.00CEW4" with counterparty “Rupee Services Private Limited” for 33,000 units at Rs. 22.7/- per unit. On the same day, at 12:03:18 hours, Noticee entered into a sell trade with the same counterparty for 33,000 units at Rs. 7.55/- per unit. Thereafter, at 14:36:42 hours, Noticee again entered into a buy trade in the same contract with counterparty “Ketankumar Amrutlal Kotak” for 30,000 units at Rs. 9.45/- per unit. On the same day, at 14:36:56 hours, Noticee entered into a sell trade with the same counterparty for 30,000 units at Rs. 4.45/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of 4 trades (2 sell trades and 2 buy trades) with 2 different counterparties on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee’s four trades while dealing in the aforesaid contract during the IP generated artificial volume of 1,26,000 units, which made up 65.63% of total market volume in the said contract during the IP.

22. In response, the Noticee admitted the execution of aforesaid intraday transactions, however, contended that the alleged trades were executed by her late husband, Mr. Kasambhai Shekh without her knowledge. It was contended that the Noticee was, at best, a name lender who was never aware of the alleged trades being executed. Noticee further contended that SEBI has, in earlier matters, abated adjudication proceedings where the person allegedly responsible for the trades had passed away during the pendency of proceedings.

23. In this regard, it is noted that the trades were admittedly executed from the trading account of Noticee and thus, all regulatory obligations attached thereto were her responsibility. In this context, reference is drawn to the order of Hon'ble SAT in the matter of Dhananjay Kumar v. SEBI[2], wherein the Hon’ble SAT, *inter alia*, held as under:

*“..**These transactions have not been disputed by the appellant except alleging that he was unaware and that the account was fraudulently used by these entities**… The appellant admits that he opened the trading account and in*

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[2] *Appeal No. 316 of 2022 decided on June 28, 2022*

good faith gave the relevant details, blank cheque books to one Mr. Avinash Kumar Rai who allegedly made fraudulent transactions from his saving bank account. ***Be that as it may, the fact remains that at the end of the day the appellant is responsible for such act." (Emphasis Supplied)***

24. In view of the above, I find that Noticee is responsible for the trades executed on her account and cannot be absolved of the responsibility for such trades. Hence, the aforesaid contention of the Noticee in this regard cannot be accepted.

25. The Noticee submitted that she is accused of 0.017% of total 2,91,643 alleged non-genuine 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 she traded is provided in Table 1 at para 20. From Table 1, it can be noted that Noticee had generated artificial volume ranging from 7.69% to 50% in 8 contracts, more than 50% in 2 contracts and in 6 contracts, it was even 100%. Hence, the submission of Noticee concerning miniscule and meagre trade volume is devoid of merit.

26. The Noticee contended that pricing of options is a complex arithmetical calculation based on several variables and trades were conducted at prices which were within permissible range and were not unrealistic. In this regard, it is pertinent to note that the Noticee without waiting till the trade closing time of the day had reversed the trades within few seconds to book a loss. It is clear that such reversal trades executed by Noticee within such short span of time to book a loss do not follow the basic trading rationale. The Noticee failed to show any credible basis for the substantial variation of price in its reversal trades undertaken in very short span of time. Hence, Noticee's argument in this regard cannot be accepted.

27. Further, in the case of Noticee, it is curious to note that the price difference on reversal is so alarming. For example:

    (a) In the contract "IIBK15APR880.00CE", the trade was reversed in 28 seconds with a price difference of Rs. 25;

(b) In the contract "IIBK15APR880.00CEW3", the trade was reversed in 17 seconds with a price difference of Rs. 24;

(c) In the contract "MSSL15APR490.00CEW3", the trade was reversed in 14 seconds with a price difference of Rs. 15;

(d) In the contract "JUST15APR1350.00CEW1", the trade was reversed in 31 seconds with a price difference of Rs. 15.

28. The Noticee submitted that the trades were executed on an anonymous, screen-based trading platform of the exchange, no connection between the counterparty and the Noticee had been established, none of the elements of fraud such as concealment, omission, misrepresentation, etc. were present and the SCN failed to discharge the preponderance of probability standard required to establish violations under the PFUTP Regulations and therefore, SCN is liable to be quashed and set aside. Noticee had relied on the orders of Hon'ble Supreme Court in the matter of SEBI v. Kishore R. Ajmera (Civil Appeal No. 2818 of 2008) and SEBI v. Shri Kanaiyalal Baldevbhai Patel [(2017) 15 SCC 7] and orders of Hon'ble SAT in the matter of R.K Global Shares and Securities Limited v. SEBI (Appeal No. 158 of 2008), Ramod Kumar Agrawal (HUF) v. SEBI (Appeal No. 105 of 2007), S.P.J. Stock Brokers Pvt Ltd v. SEBI (Appeal No. 52 of 2013), Saroj & Co., Proprietor Sanjay Agrawal v. Adjudicating Officer, SEBI (Appeal No. 213 of 2011), Dhvani Darshan Kothari v. SEBI (Appeal No. 276 of 2020), Kapil Chatrabhuj Bhuptani v. SEBI (Appeal No. 95 of 2013), Shruti Vora v. SEBI (Appeal No. 308 of 2020), HB Stockholdings v. SEBI (Appeal No. 114 of 2012), DLF Limited v. SEBI (Appeal No. 331 of 2014), KSL & Industries v. Chairman, SEBI (Appeal No. 9 of 2003) and M/s. Ess Ess Intermediaries v. SEBI (Appeal No. 13 of 2013).

29. The submissions of the Noticee along with the orders relied upon by Noticee has been considered. In this connection, I note that it is not a mere coincidence that the Noticee could match her trades with the same counterparty with whom she 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.

30. 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 seconds, 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 her counterparties in the stock options segment of BSE and the same were non-genuine trades

31. 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."

32. 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 her counterparty to carry out the trades at pre-determined prices.

33. 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."

34. 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….."*

35. 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.

36. It is pertinent to note that regulation 4(2)(a) of PFUTP Regulations states that dealing in securities will be deemed to be a fraudulent and unfair trade practice if it involves "indulging in an act which creates false or misleading appearance of trading in the securities market". Hence, these non-genuine trades are squarely covered under the definition of "fraud" and dealing of Noticee noted hereinabove were "fraudulent".

37. 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 45 non-genuine trades entered by the Noticee in 16 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 ₹6,00,000/- (Rupees Six Lakh Only) on the Noticee (Hasina Kasambhai Shekh) 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: 2026.01.13 15:08:00 +05'30'

Place: Mumbai **JAI SEBASTIAN**

Date: January 13, 2026 **ADJUDICATING OFFICER**