



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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By Speed Post A.D.

ACHAL SINGH
ADJUDICATING OFFICER
E-mail: achals@sebi.gov.in

SEBI/HO/CFD/DCR-2/P/OW/2022/9593/1
March 07, 2022

ALLNEW DISTRIBUTORS PVT LTD
PAN No.: AAKCA2105M
9 12 LAI BAZAR STREET BLOCK A 2ND FLOOR
ROOM NO 63 KOLKATA WEST BENGAL- 700001
Email ID: allnew123@rediffmail.com
Mobile No.: 9681002210 / 9810079040

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

1. Securities and Exchange Board of India (hereinafter, referred to as "SEBI") has initiated adjudication proceedings in respect of ALLNEW DISTRIBUTORS PVT LTD (hereinafter, referred to as "Noticee"), bearing PAN – AAKCA2105M, for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter, referred to as "PFUTP Regulations, 2003"), in the matter of trading in illiquid stock options on the Bombay Stock Exchange Ltd. ("BSE").
2. The undersigned was appointed as Adjudicating Officer vide order dated September 20, 2021, to enquire into and adjudge under Section 19 read with Sub-section (1) of Section 15-I of the Securities and Exchange Board of India Act, 1992 (herein after referred to as the SEBI Act, 1992) and Rule 3 of SEBI(Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "Adjudication Rules, 1995") to inquire into and adjudge the alleged violation committed by Noticee under Section 15 HA of the SEBI Act. A copy of the communiqué dated September 27, 2021 appointing the undersigned as Adjudicating Officer is placed at Annexure A.
3. As part of ongoing surveillance, SEBI came across large scale reversal of trades in Stock Options segment of the BSE. Subsequently, SEBI conducted an investigation into the trading activity in illiquid Stock Options at BSE (hereinafter, referred to as "investigation") for the period between April 01, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period").
4. Pursuant to investigation, it was observed that during the investigation period, a total of 2,91,643 trades comprising 81.38% of all the trades executed in BSE Stock Options Segment were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract. The reversal trades involved squaring off transactions, but with significant difference in the sell value and buy value of the transactions. The aforesaid reversal trades allegedly resulted into generation of artificial volumes.

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5. The Noticee was one of the entities which indulged in reversal trades which allegedly created false and misleading appearance of trading, generating artificial volumes in the Stock Options Segment of BSE during the investigation period. The Noticee is alleged to have engaged in reversal trades in 1 unique contract, which led to generation of alleged artificial volume of 2,50,000 units. These trades of the Noticee involved reversal with the same counterparty on the same day, but at different prices. Details of all the trades of Noticee in Stock Options segment of BSE during the investigation period which are also of the nature of reversal trades are given in **Annexure B** and detailed summary of all the dealings in the contract "PFCL15APR280.00CE", in which Noticee allegedly executed non genuine trades during the investigation period is given in **Annexure C**.
6. The trades entered by the Noticee were reversed on the same day with same counterparty at a substantial price difference without any basis for significant change in the contract price which indicates that these trades are artificial and are non- genuine in nature.
7. A summary of dealings of Noticee in 1 Stock Options contract in which the said Noticee allegedly executed reversal trades during the investigation period, is as follows: -

Summary of dealings in contracts wherein the Noticee executed reversal trades

Sr. No.	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	% of Artificial Volume generated by Noticee in the contract to Noticee's Total Volume in the Contract	% of Artificial Volume generated by Noticee in the contract to Total Volume in the Contract
1	PFCL15APR280.00CE	14	1,25,000	2	1,25,000	100%	23.85%

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

8. The abovementioned reversal trades and volumes are illustrated through the dealings of Noticee in one contract viz, "PFCL15APR280.00CE" during the investigation period, as follows:-
 - (a) During the investigation period, 2 trades for 1,25,000 units each were executed by the Noticee in the said contract on March 24, 2015.
 - (b) While dealing in the said contract on March 24, 2015, at 11:48:03 hrs the Noticee entered into a sell trade with counterparty Shri Radha Raman Alloys Limited. for 1,25,000 units at Rs. 2 per unit. At 11:48:07 hrs the Noticee entered into a buy trade with the same counterparty for 1,25,000 units at Rs. 14 per unit.







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- (c) The Noticee's 2 trades while dealing in the above said contract during the investigation period allegedly generated artificial volume of 2,50,000 units, which is 23.85% of the total market volume in the said contract during this period.
9. In view of the foregoing, it is alleged that Noticee, by indulging in execution of non-genuine reversal of trades in Stock Options with same entities on the same day, created false and misleading appearance of trading in stock options and therefore allegedly violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations, 2003, the provisions of which are reproduced hereunder:

Regulation 3 of SEBI (PFUTP) Regulations: - Prohibition of certain dealings in securities

3. No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.

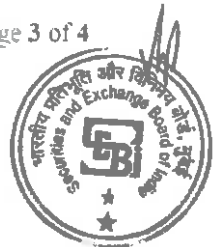
Regulation 4 of SEBI (PFUTP) Regulations: - Prohibition of manipulative, fraudulent and unfair trade practices

- (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;

10. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under section 15HA of the SEBI Act which reads as under:

Section 15HA of SEBI Act - Penalty for fraudulent and unfair trade practices

"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"







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11. You are, therefore, called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the Adjudication Rules, 1995 read with section 15 I of the SEBI Act, and why penalty should not be imposed under section 15HA of the SEBI Act.
12. Your reply, if any, should reach the undersigned or through email at achals@sebi.gov.in and abhijeets@sebi.gov.in within 14 days from the date of receipt of this Notice, failing which it shall be presumed that you have no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of sub-rule (7) of Rule (4) of the Adjudication Rules. You may also indicate whether you desire a personal hearing in the matter.
13. Further, you are required to keep the undersigned informed about the change in your correspondence address, if any, till the conclusion of the proceedings. You are also required to submit a photocopy of your PAN card and contact details viz. Telephone numbers / Fax numbers / e-mail IDs and details of contact persons for records.

11/07/2022
ACHAL SINGH
Adjudicating Officer



Enclosures: Documents relied upon are as follows: -

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communique dated September 27, 2021 appointing Adjudicating Officer	3
B	Integrated trade log of all trades of Noticee in Stock Option segment of BSE (which are also of nature of reversal trades) during the investigation period i.e, April 01, 2014 to September 30, 2015	2
C	Summary of all the dealings in the contract "PFCL15APR280.00CE" in which Noticee allegedly executed non genuine trades during the investigation period.	1



SECURITIES AND EXCHANGE BOARD OF INDIA
Order communicating appointment of Adjudicating Officer

1. Whereas, Securities and Exchange Board of India (SEBI) has conducted examination into the trading in options on individual stocks listed on Bombay Stock Exchange for possible violation of the provisions of the securities and Exchange Board of India Act, 1992 (hereinafter referred to as the 'SEBI Act') and various Rules and Regulations made there under.
2. Whereas, the Competent Authority is *prima facie* of the view that there are grounds to adjudicate upon the alleged violations of provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003 by certain entities.
3. The Competent Authority has, therefore, in exercise of the powers conferred under Section 19 of the SEBI Act read with Section 15 I(1) of the SEBI Act and Rule 3 of securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("hereinafter referred as the 'SEBI Rules') read with section 19 of the SEBI Act, vide Order dated September 20, 2021, appointed certain Division Chiefs as Adjudicating Officers to enquire into and adjudge under Section 15HA SEBI Act, the alleged violations by the entities.
4. The list of the entities against whom adjudication is approved and the names of the respective Adjudicating Officers who are appointed to adjudicate against these entities is enclosed as Annexure.
5. The said proceedings of appointment are hereby being communicated to the Adjudicating Officers who shall conduct the Adjudication Proceedings in the manner specified under Rule 4 of the of the SEBI Rules read with sub-section (1) and (2) of Section 15 of SEBI Act.



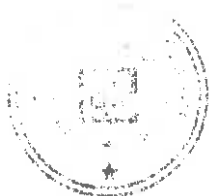
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6. The Adjudicating Officers shall enquire into and adjudicate upon the alleged violation as stated above and if the Adjudicating Officers are satisfied that the entities have become liable for penalty, may impose penalty, as they think fit, in terms of Rule 5 of the SEBI Rules and provisions of Sections 15HA of the SEBI Act.

Dated at Mumbai, this 27th day September 2021.



Bhavana Ravikumar
BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA



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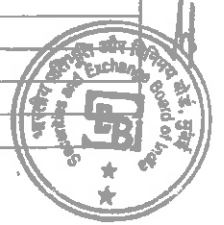
74	210010877	ISO at BSE- ALLNEW DISTRIBUTORS PVT LTD	AAKCA2105M	ALLNEW DISTRIBUTORS PVT LTD	Achal Singh





Annexure - B

sno	121445	121446
TRADE_DATE	24/03/2015	24/03/2015
SCRIPCODE	850895	850895
clnt_pan	AALCS9165J	AAKCA2105M
clnt_name	SHRI RADHA RAMAN ALLOYS LIMITED	ALLNEW DISTRIBUTORS PVT LTD
cp_pan	AAKCA2105M	AALCS9165J
cp_name	ALLNEW DISTRIBUTORS PVT LTD	SHRI RADHA RAMAN ALLOYS LIMITED
ORDER_NO	1427173824277002000	1427173824277002003
CP_ORDER_NO	1427173824277002002	1427173824277002004
TRADEID	18909	19885
ORDER_TIME	11:48:03.789262	11:48:07.421483
CP_ORDER_TIME	11:48:03.821229	11:48:07.489432
TRADE_TIME	11:48:03.821229	11:48:07.489432
ORDER_LMTIME	11:48:03.789262	11:48:07.421483
CP_ORDER_LMTIME	11:48:03.821229	11:48:07.489432
TRADE_RATE	2	14
LTP_RATE	-12.0	12.0
LTP_PERCENT	-85.71	600.0
TRADE_VALUE	35250000.0	36750000.0
ORDER_RATE	2.0	14.0
CP_ORDER_RATE	2.0	14.0
ORDER_LMRATE	2.0	14.0
CP_ORDER_LMRATE	2.0	14.0
ORDER_LTP		2.0
CP_ORDER_LTP	2.0	14.0
TRADED_QTY	125000	125000
ORDER_QTY	250000	125000
CP_ORDER_QTY	125000	250000
ORDER_AVLQTY	250000	125000
CP_ORDER_AVLQTY	125000	250000
ORDER_LMQTY	250000	125000
CP_ORDER_LMQTY	125000	250000
MEMBER_NO	4036	4034
MEMBER_NAME	GEOMETRY VANIJYA PVT. LTD.	BAHUBALI FOREX PVT LTD
OLD_CLIENT		
MODIFIED_CLIENT	GVP528	BF787
CP_MEMBER_NO	4034	4036
CP_MEMBER_NAME	BAHUBALI FOREX PVT LTD	GEOMETRY VANIJYA PVT. LTD.
CP_OLD_CLIENT		
CP_MODIFIED_CLIENT	BF787	GVP528
TERMINALID	902	902
USER_NAME	GOVIND GOENKA	
LOCATION_ADDRESS	11, CLIVE ROW KOLKATA WEST BENGAL 700001	
CP_TERMINALID	902	902
CP_USER_NAME		GOVIND GOENKA
CP_LOCATION_ADDRESS		11, CLIVE ROW KOLKATA WEST BENGAL 700001
ORDER_AUD	A	A
CP_ORDER_AUD	A	A
ORDER_TYPE	L	L
CP_ORDER_TYPE	L	L
LOCATIONID	7000010001001012	7000070001003012
CP_LOCATIONID	7000070001003012	7000010001001012
SCRIPNAME	PFCL15APR280.00CE	PFCL15APR280.00CE
EXPIRY	2015-04-30	2015-04-30
STRIKEPRICE	28000.0	28000.0
SERIES	EQD	EQD



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MKT_TYPE	N	N
ISIN_NO		
rqty	125000	125000



Annexure - C

A	Client PAN	AAKCA2105M
B	Scrip/Contract Name	PFCL15APR280.00CE
C	Buy Quantity	125000
D	Buy Value	1750000
E	Average Buy rate = (D/C)	14
F	Sell Quantity	125000
G	Sell Value	250000
H	Average Sell rate = (G/F)	2
I	Number of non-genuine trades executed by Entity in the Contract	2
J	Total number of trades executed by the Entity in the Contract	2
K	Total number of trades executed in the contract	12
L	Artificial volume generated by Entity in the Contract	250000
M	Total volume generated by Entity in the Contract	250000
N	Total volume in the Contract	1048000
O	% of Non- genuine trades of Entity in the contract to Entity's Total trades in the Contract = (I/J)	100
P	% of Non- Genuine trades of Entity in the contract to Total trades in the Contract = (I/K)	16.67
Q	% of Artificial Volume generated by Entity in the contract to Entity's Total Volume in the Contract = (L/M)	100
R	% of Artificial Volume generated by Entity in the contract to Total Volume in the Contract = (L/N)	23.85

