BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/RG/NM/2021-22/15330/9)

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

In respect of

Ankit Garg HUF

PAN: AAOHA5516P

In the matter of dealings in Illiquid Stock Options at the BSE

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as **SEBI**) conducted investigation into the trading activity in illiquid stock options on BSE Limited (hereinafter referred to as **BSE**) for the period April 01, 2014 to September 30, 2015 (hereinafter referred to as **Investigation Period/IP**) after observing large scale reversal of trades in the Stock Options segment of the BSE.

2. Pursuant to investigation, it was observed that during the Investigation period total of 2,91,744 trades comprising substantial 81.41% of all the trades executed in stock options segment of BSE were non genuine trades. The aforesaid non genuine trades resulted into creation of artificial volume to the tune of 826.21 crore units or 54.68% of the total market volume in stock options segment of BSE during the IP. It was observed that Ankit Garg HUF (hereinafter referred to as **Noticee**) was one of the various entities who indulged in execution of reversal trades in stock options segment of BSE during the IP. Such trades were observed to be non-genuine in nature and created false and misleading appearance of trading in terms of artificial volumes in stock options segment and therefore were alleged to be manipulative, deceptive in nature. In view of the same, SEBI initiated

adjudication proceedings against the Noticee for 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 relating to Securities Markets) Regulations, 2003 (hereinafter referred to as **PFUTP Regulations, 2003**).

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed the undersigned as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **SEBI Act, 1992**) read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **Adjudication Rules, 1995**) *vide* order dated April 30, 2021 to inquire into and adjudge under Section 15HA of the SEBI Act, 1992 against the Noticee for the alleged violation of aforesaid provisions of PFUTP Regulations, 2003. The appointment of the AO was communicated *vide* communique dated June 28, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice dated July 30, 2021 having reference no. AO/RG/NKM/OW/P/17147/1/2021 (hereinafter referred to as **SCN**) was served upon the Noticee under rule 4(1) of the Adjudication Rules, 1995 to show cause as to why an inquiry should not be held and penalty be not imposed against the Noticee under Section 15HA of the SEBI Act, 1992 for the alleged violation of the provisions of Regulation 3(a),(b),(c),(d) and 4(1), 4(2)(a) of the PFUTP Regulations, 2003.

5. It was *inter alia* alleged in the SCN that the Noticee was one of the various entities which indulged in reversal trades which allegedly created false and misleading appearance of trading, generating artificial volumes in Stock Options segment of the BSE during the Investigation Period. Out of the total 10 trades for 4,60,000 units executed in the contract *viz.* BIOC15SEP430.00PE, the Noticee had executed 2 non genuine trades i.e. 1 buy trade and 1 sell trade in the aforesaid contract on July 29, 2015 with the

same counterparty *viz.* Mani Heart Care Pvt. Ltd. on the same day and with significant price differential in buy and sell rate, which resulted in artificial volume of 1,00,000 units. Summary of dealings of the Noticee in the Stock Option contract, in which the Noticee allegedly executed non genuine trades during the IP are as follows:

S. No.	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Noticee in the contract to Total trades in the Contract	% 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	BIOC15SEP430.00PE	3.25	50,000	8.00	50,000	100%	20%	100%	21.74%

6. From the above table, following is noted as regards to dealings of Noticee in the contract "BIOC15SEP430.00PE":
    a) Noticee had executed alleged non-genuine trades in the above contract, wherein 100% trades were non-genuine trades.
    b) No. of non-genuine trades of Noticee significantly contributed to the total no. of trades from the market in the above contract, as a substantial 20% of the trades happened in aforementioned contract were due to alleged non-genuine trades executed by the Noticee.
    c) A substantial 21.74% of volume generated by the Noticee in the above contract was artificial volume.
    d) Alleged non-genuine trades executed by Noticee in above contracts had significant differential in buy rates and sell rates considering that the trades were reversed on same day.

7. By indulging in execution of aforesaid non-genuine reversal trades, the Noticee was alleged to have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a) of the PFUTP Regulations, 2003.

8. The aforesaid SCN was sent to the Noticee *via* Speed Post Acknowledgement Due (SPAD) and *via* email dated July 30, 2021 on the email id as available on record. It is noted from the available record that the SCN sent through SPAD was delivered to the Noticee on August 06, 2021 as checked from the website of the India Post. Further, it is noted that the SCN sent through e-mail was delivered to the Noticee as the said e-mail did not bounce back. It is also noted from the aforesaid SCN that the Noticee was granted 14 days from the receipt of the SCN to submit his reply to the SCN. However, no response to the SCN was submitted by the Noticee in this regard.

9. Since no reply was forthcoming and in the interest of natural justice, an opportunity of personal hearing was granted to the Noticee *vide* hearing notice dated September 30, 2021. *Vide* the said notice, the Noticee was advised to submit its reply to the SCN by October 14, 2021 as also an opportunity of hearing was granted to the Noticee on October 22, 2021 at 12:00 noon. The said hearing notice was served on the Noticee via SPAD and e-mail on October 07, 2021 and September 30, 2021, respectively. In view of the Covid-19 pandemic, the hearing proceedings was scheduled online through videoconferencing on the Webex platform. Webex meeting invitation was sent to the Noticee on the e-mail available on record. The Noticee, *vide* his email dated October 22, 2021 i.e. on the date of scheduled hearing at 02:16 PM replied that it was not able to finalise an authorized representative to represent his case and hence not able to appear for the hearing on October 22, 2021 at 12:00 noon and sought further time.

10. Acceding to the request of the Noticee, *vide* hearing notice dated October 25, 2021, the Noticee was advised to submit its reply to the SCN by November 08, 2021 and another opportunity of personal hearing was granted to the Noticee on November 12, 2021 at 02:30 p.m. The said hearing notice was served on the Noticee via SPAD and e-mail on October 30, 2021 and October 25, 2021 respectively. On November 11, 2021, the Noticee replied, via email, seeking for adjournment on medical grounds.

11. Yet again, acceding to the aforesaid request of the Noticee, *vide* hearing notice dated February 10, 2022, a final opportunity of personal hearing was granted to the Noticee on February 24, 2022 at 03:30 p.m. The Noticee was once again advised to submit its reply to the SCN latest by February 18, 2022 failing which the matter will be proceeded on the materials available on record. The said hearing notice was served on the Noticee via SPAD and e-mail on February 15, 2022 and February 10, 2022 respectively. The Noticee, *vide* his email dated February 24, 2022, 15:18 p.m. replied and once again sought an adjournment on medical grounds.

12. Taking into account the aforesaid facts, I am of the view that principles of natural justice have duly been followed in the matter by granting the Noticee multiple opportunities for replying to the SCN and of being heard. However, the Noticee failed to furnish any reply to the SCN and also failed to attend hearing on the schedule dates. In this regard, I find it pertinent to refer the Hon'ble Securities Appellate Tribunal (hereinafter referred to as SAT) in the matter of Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006) has, *inter alia*, held that: "............ *the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them*".

13. The same view was reiterated by the Hon'ble SAT in the matter of Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), wherein it was, *inter alia*, held that: "........... *appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices*...". Accordingly, in absence of response of the Noticee to the SCN, it may be presumed and inferred that the allegations/charges have been admitted by the Noticee.

14. Having noted the above, I also refer to the judgement of the Hon'ble SAT in the matter of Dave Harihar Kirtibhai Vs SEBI (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT held that: "...*further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..*.". Having noted the aforesaid case laws, I am of the view that Noticee was given ample time and opportunity for reply to SCN and hearing to abide by the Principles of Natural Justice. Therefore, after taking into account the allegations levelled in the SCN and other evidences/material available on record, I hereby proceed to decide the case on merit.

CONSIDERATION OF ISSUES AND FINDINGS:

15. I have taken into consideration the facts and circumstances of the case and the material available on record. The issues that arise for consideration in the present case are:

Issue (a): Whether the reversal trades in illiquid Stock Options carried out by the Noticee during the Investigation Period were in violation of Provisions of Regulation 3(a), (b), (c), (d) and 4(1) & 4(2)(a) of the PFUTP Regulations, 2003?

Issue (b): If yes, whether the violation, on the part of the Noticee would attract monetary penalty under Section 15HA of the SEBI Act, 1992?

Issue (c): If yes, what would be the quantum of monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act, 1992, read with rule 5(2) of the Adjudication Rules, 1995?

16. Before proceeding further, I would like to refer to the relevant provisions of the PFUTP Regulations, 2003 as below:

PFUTP Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly –

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made 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 there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud or 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; …..”

17. I note that allegation against the Noticee is that, while dealing in the stock option contracts at BSE during the IP, it had executed reversal trade which were allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock option contracts at BSE. Reversal trades are considered to be those trades in which an entity reverses its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. The said reversal trades are alleged to be non-genuine trades as they are 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 are deceptive and manipulative. Artificial volume is considered to be the volume (no. of units) reversed in both legs of said reversal trades while keeping out the volume, if any, which is not reversed.

18. I note from the trade log that the Noticee had traded in one contract in the stock options segment of BSE during the investigation period namely BIOC15SEP430.00PE. It is observed that the Noticee had executed two non genuine trades in the aforesaid contract i.e. one buy trade and one sell trade. I further note that the above mentioned trades of the Noticee had resulted in the creation of alleged artificial volume of 1,00,000 units in the aforesaid contract. The summary of the non-genuine trades of the Noticee are as follows:

S. No.	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Noticee in the contract to Total trades in the Contract	% 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	BIOC15SEP430.00PE	3.25	50,000	8.00	50,000	100%	20%	100%	21.74%

19. It is noted that the Noticee had executed non-genuine trades in the aforesaid contract, wherein the percentage of non-genuine trades of the Noticee in stock option contract to total trades in the said contract was 20%. Further, artificial volume generated by the Noticee in the said contract to Noticee's total volume amounted to the entire 100% of total volume generated in the contracts. It is also noted that artificial volume generated by the Noticee contributed 21.74% of the total volume from the market in the said contract. Non-genuine trades executed by the Noticee in the aforesaid contract had significant difference in buy rate and sell rate considering that the trades were reversed on the same day i.e. July 29, 2015 within a span of few seconds.

20. I note from the trade log that the trades executed by the Noticee in the aforesaid contract were squared up within a short span of time with the same counterparty. To illustrate, the Noticee on July 29, 2015 at 09:53:23 hrs (Order time of the Noticee: 09:53:22 hrs and Counterparty order time: 09:53:23 hrs) entered into one buy trade with counterparty *viz*. Mani Heart Care Pvt. Ltd. for 50,000 units at the rate of Rs. 3.25 per unit in the aforesaid contract. Thereafter, immediately, on the same day within a gap of few seconds, the Noticee at 09:53:26 hrs (Order time of the Noticee: 09:53:26 hrs and Counterparty order time: 09:53:26 hrs) entered into one sell trade with the same counterparty for 50,000 units at the rate of Rs. 8.00 per unit in the same contract. It is noted that while dealing in the said contract during the IP, the Noticee executed reversal trade with same counterparty i.e. Mani Heart Care Pvt. Ltd. on the same day within a gap of few seconds and with a significant price difference in sale and buy rates. Thus, the Noticee, through his dealing in the contract *viz.* "BIOC15SEP430.00PE", executed non genuine trades which was 20% of the total trades on the market in the said contract and thereby, generated artificial volume of 1,00,000 units which was 21.74% of the volume traded in the said contract during the investigation period. I note that the charges against the Noticee for the aforesaid trades and the provisions of PFUTP Regulations, 2003 alleged to have been violated as stated above have been cogently spelt out in the SCN dated July 30, 2021 which has been served on the Noticee.

21. I note that in the screen based trading, which is virtually anonymous, it may not be ordinarily possible for anyone to enter into such reversal trades. However, considering the precision at which the reversal transactions have taken place i.e. synchronisation of the quantity, order price and order time and sale with significant price variations as observed in the instant matter, the same couldn't have been possible without prior meeting of minds. In this regard, I find it relevant to refer to the decision of the Hon'ble Supreme Court in the matter of SEBI vs. Rakhi Trading Private Ltd., in Civil appeals no., 1969 of 2011 decided on February 8, 2018 wherein it has been held that: *"considering the reversal transactions, quantity, price and time and sale, parties being persistent in the number of such trade transactions with huge price variations, it will be too naïve 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."*

22. Further, the Hon'ble SAT in its judgement dated September 14, 2020 in the matter of Global Earth Properties and Developers Pvt Ltd relied upon the aforesaid judgement of Hon'ble Supreme Court and held that, *"It is not a mere coincidence that the Appellants could match the trades with the counter party with whom he had undertaken the first leg of respective trade. In our opinion, the trades were non-genuine trades and even though direct evidence is not available in the instant case but in the peculiar facts and circumstances of the present case there is an irresistible inference that can be drawn that there was meeting of minds between the Appellants and the counter parties, and collusion with a view to trade at a predetermined price."* The Hon'ble SAT reaffirmed its stand taken in Global Earth Properties and Developers Pvt Ltd vs SEBI (Appeal No. 212 of 2020), in its judgment dated November 24, 2021 in the matter of Radha Malani vs. SEBI (appeal no. 698 of 2021), has held the that *"Having heard the learned counsel for the appellant, in our view the*

controversy involved in the present appeal is squarely covered by a decision of this Tribunal in Global Earth Properties and Developers Pvt. Ltd. vs. SEBI (Appeal No. 212 of 2020 decided on September 14, 2020). In view of the aforesaid, the appeal is dismissed with no order as to costs.".

23. The non-genuineness of these transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within a short span of time of few seconds, the Noticee reversed the position with the same counterparty with a significant price difference. I note from the trade log of the Noticee that the Noticee reversed the non-genuine trades within few seconds. Such a short span of time taken for reversing the trades in an illiquid stock option contract with significant price difference suggests the non-genuineness of these trades executed by the Noticee. The fact that the transactions in a particular contract were reversed with the same counterparty within a few seconds indicates a prior meeting of minds with a view to execute the reversal trades at a predetermined price. Since these trades were done in illiquid option contracts, there was no trading in the said contract 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 his counterparty in the stock options segment of BSE and the same were non-genuine trades.

24. I further note that it is not mere coincidence that Noticee could match his trades with the same counterparty with whom it had undertaken first leg of the respective trade. This is the outcome of meeting of minds elsewhere and it was a deliberate attempt to deal in such a fashion. Here I would like to rely on the judgment of Hon'ble Supreme Court in SEBI v Kishore R Ajmera (AIR 2016 SC 1079) decided on February 23, 2016, wherein it was held that - *"…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..."

25. The Hon'ble Supreme Court further held in the same matter that – "*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."*

26. I note that though direct evidence is not forthcoming in the present matter regarding meeting of minds or collusion of the Noticee with other entity, the trading behaviour of the Noticee makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level. In this context, I deem it appropriate to refer to the Hon'ble SAT order dated July 14, 2006, in the case of Ketan Parekh vs. SEBI (Appeal no. 2/2004), wherein the Hon'ble SAT has held that - *"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*

27. Further, I would like to rely on the judgement of Hon'ble Supreme Court passed in the case of SEBI vs. Rakhi Trading Private Ltd. (supra), wherein the Apex Court held that "*the entities were engaged in a fraudulent and unfair trade practice while dealing in Options and hence were liable for violation of SEBI (PFUTP) Regulations".* The Hon'ble Apex Court has also held that in the absence of direct proof of meeting of minds, the test should be one of preponderance of probability and also stated that the conclusion has to be gathered from various circumstances like volume of trade, period of persistence of trading, particulars of buy and sell orders, proximity of time between the two and such other relevant factors.

28. In line with the aforesaid judgements of Hon'ble Supreme Court and Hon'ble SAT, I note from the foregoing findings that the trading pattern of the Noticee in terms of volume of reversal trades, proximity of sell/buy and subsequent reversal evidences the indulgence of the Noticee beyond a reasonable doubt of the manipulative intent in creation of artificial volume. Further, the dealings by Noticee only in such options contracts which was illiquid clearly demonstrates the manipulative intent to use stock exchange platform to carry out non-genuine trades with the aim to execute such trades for manipulative purposes.

29. In this regard, I would like to rely on the judgement of Hon'ble Supreme Court in the matter of SEBI vs. Rakhi Trading Private Ltd.(supra) decided on February 8, 2018, where Apex Court held that, *"The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors. By synchronization and rapid reverse trade, as has been carried out by the traders in the instant case, the price discovery system itself is affected. Except the parties who have pre-fixed the price nobody is in the position to participate in the trade. It also has an adverse impact on the fairness, integrity and transparency of the stock market."*

30. I note that dealing in Illiquid stock options not only displays an unreal picture of market activity to other investors but also defeats the basic premise of screen based electronic trading system and price discovery mechanism by

execution of pre-decided reversal trades at irrational/arbitrary prices. Such activity deliberately or otherwise damages market integrity apart from presenting wrong picture of liquidity to gullible investors which could affect their trading/investment decisions. Options as financial instruments, ordinarily, provide hedging avenues to investors. The trading of the Noticee in the instant matter was abnormal and was clearly designed to create artificial volumes in the illiquid stock option contracts, fail to justify any of the normal strategies of hedging/ arbitrage. In my view, the abuse of such financial instruments, which are made available to the investors for the purpose of protection of their investment portfolios from the risks of adverse price movement, needs to be dealt with strictly. I also note that while the stock exchange provides a platform for carrying out the trades, the obligation to ensure genuineness of the trades executed on the exchange platform primarily lies on the Noticee.

31. In view of the above, the trading behaviour of the Noticee confirms that such trades were not normal and wide variation in prices of the trades in the same contract in a short time without any basis for such wide variation, all indicate that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in the contract i.e. BIOC15SEP430.00PE. In view of the above, I find that the allegation of violation of provisions of Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 by the Noticee stands established.

32. The Hon'ble Supreme Court of India in the matter of SEBI Vs Shri Ram Mutual Fund [2006] 68 SCL 216(SC) 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..*"

33. In view of the aforesaid judgment of the Hon'ble Supreme Court, I am convinced that, in the instant matter, the Noticee is liable for monetary penalty under the provisions of Section 15HA of the SEBI Act, 1992 which reads as follows:

15HA. 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.

34. While determining the quantum of penalty under Section 15HA of the SEBI Act, 1992, the following factors stipulated in Section 15J of the SEBI Act, 1992, have to be given due regard:

    (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.

35. I observe that the material / documents made 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 part of the said Noticee. However, Noticee has entered into two non-genuine trades in one stock option contract during the investigation period. Therefore, I note that the Noticee indulged in execution of reversal trades in stock options on BSE during the Investigation Period which were non-genuine and created false and misleading appearance of trading in terms of artificial volumes in stock options, leading to violation of provisions of Regulation 3(a), (b), (c), (d), and 4(1), 4(2)(a) of PFTUP Regulations, 2003.

ORDER

36. After taking into consideration all the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, 1992 and in exercise of powers conferred upon me under Section 15-I(2)

of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, 1995, I hereby impose a penalty of ₹5,00,000/- (Rupees Five Lakh only) upon the Noticee i.e. Ankit Garg HUF (PAN: AAOHA5516P), under Section 15HA of the SEBI Act, 1992 for violation of provisions of Regulation 3(a), (b), (c), (d), and 4(1), 4(2)(a) of the PFUTP Regulations, 2003.

37. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or the 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. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

38. The Noticee shall forward the aforesaid Demand Draft / payment confirmation details to the Division Chief, Enforcement Department-I (EFD), Division of Regulatory Action -I [EFD1-DRA-1] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai –400 051 and also send an email to tad@sebi.gov.in with the following details:

1	Case Name	
2	Name of the 'Payer / Noticee' along with PAN of Noticee	
3	Date of Payment	
4	Amount Paid	
5	Transaction No.	
6	Bank Name and Account No.	
7	Purpose of payment	

39. In the event of failure to pay the aforesaid amount of penalty within 45 days of receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act, 1992 for realization of the said penalty amount along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

40. In terms of the provision of Rule 6 of the Adjudication Rules, 1995, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Place: Mumbai	**RAJESH GUJJAR**
Date: March 11, 2022	**ADJUDICATING OFFICER**