BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO.: AO/SKS/SK/2021-22/14220

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:

Reception Tracom Private Limited

PAN: AADCR6409G

In the matter of dealings in Illiquid Stock Options at Bombay Stock Exchange

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") observed large scale reversal of trades in the Stock Options segment of the Bombay Stock Exchange (hereinafter referred to as "**BSE**") leading to the alleged creation of artificial volume in the stock options segment. In this regard, SEBI conducted an investigation into the trading activity in the illiquid Stock Options segment at the BSE for the period April 01, 2014 to September 30, 2015 (hereinafter referred to as "**Investigation Period**").

2. It was observed during the course of investigation that a total of 2,91,744 trades comprising 81.40% of all the trades executed in the Stock Options Segment at the BSE during the investigation period were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract on the same day. It was observed that M/s. Reception Tracom Private Limited (hereinafter referred to as "**Noticee**") was one such client whose reversal trades involved squaring off open positions with a significant difference without any basis for such change in the contract price. The aforesaid reversal trades allegedly resulted into

generation of artificial volumes, leading to allegations that the Noticee had violated the provisions of Regulations 3(a),(b),(c),(d) and Regulations 4(1) and 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations, 2003**").

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI initiated adjudication proceedings and 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**") read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") vide order dated June 28, 2021 to inquire into and adjudge under Section 15HA of the SEBI Act, 1992 against the Noticee for the alleged violation of the aforesaid provisions of PFUTP Regulations, 2003.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice (hereinafter referred to as "**SCN**") bearing reference no. SEBI/HO/MRD2/DMSDC/SS/SK/OW/2021/15877/1 dated July 20, 2021 was issued to the Noticee under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be initiated against the Noticee and why penalty should not be imposed on the Noticee under Section 15HA of the SEBI Act, 1992 for the violations alleged to have been committed by the Noticee.

5. The SCN issued to the Noticee, *inter alia*, mentioned / alleged the following:

"….

i. 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 through 3 trades in 1 unique contract, which led to generation of alleged artificial volume of 10,00,000 units. These trades of the Noticee involved reversal with the same counterparty on the same day, but at different prices.*

ii. *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: -*

S. No.	Contract Name	Avg. Buy Rate (in Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (in 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	DISH15FEB80.00PE	2.25	5,00,000	0.25	5,00,000	100.00%	100.00%

iii. *The abovementioned reversal trades and volumes are illustrated through the dealings of Noticee in the one contract viz, "*DISH15FEB80.00PE*" during the investigation period, as follows: -*

(a) During the investigation period, 3 trades for 10,00,000 units were executed by the Noticee in the said contract on February 13, 2015.

(b) While dealing in the said contract on February 13, 2015, at 11:37:04 hrs, the Noticee entered into a sell trade with counterparty Pamas Holdings Pvt. Ltd. for 5,00,000 units at an average ₹0.25 per unit. At 12:16:07 hrs, the Noticee entered into a buy trade with the same counterparty, for 5,00,000 units at ₹2.25 per unit.

(c) The Noticee's three trades while dealing in the above said contract during the investigation period allegedly generated artificial volume of 10,00,000 units, which made up 100% of total market volume in the said contract during this period.

iv. *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), and 4(1), 4(2)(a) of PFUTP Regulations, 2003. …"*

6. The SCN was served on the Noticee via e-mail. Thereafter, the Noticee, vide letter dated July 26, 2021, acknowledged the receipt of the SCN and vide letter dated August 10, 2021, inter alia submitted the following:

   a. The Noticee submitted that the allegations made in and findings arrived at in the SCN were misconceived and based on incomplete and incorrect assumption of facts. The Noticee denied the allegations and / or contention and / or observation made in the SCN. The Noticee denied violating Regulations 3(a),(b),(c),(d), 4(1) and 4(2)(a) the of PFUTP Regulations in the matter of trading in illiquid stock options on the BSE Ltd.

   b. The Noticee submitted that trades executed by company in the option segment of BSE during the Investigation Period comprising of 18 months was restricted to 1 day only and denied that the company had executed any non-genuine trades which resulted into creation of artificial volume in illiquid stock options on the BSE Ltd.

   c. The Noticee submitted that trades of his company in option segment of BSE were only in well-known company. All the trades in option segment of BSE were executed on anonymous screen based trading platform provided by BSE wherein identity of the counter parties remain undisclosed. Hence, the question of any non-genuine trade does not arise at all unless it is proved that such trades were executed in connivance with any counter party. The counter party whose name have been disclosed now in SCN was completely unknown to them.

d. The Noticee submitted that BSE has a sophisticated surveillance system and if there had been any reversal of trade, the system could have alarmed BSE to take corrective measures to restrain any non-genuine trades happening in its trading platform. However, company have not received any warning or caution letter from BSE for any of the trades executed by company in its option segment during the period of investigation. Thus, the allegation of execution of non-genuine trades by company in option segment of BSE which purportedly resulted into creation of artificial volume is totally farfetched and is based on presumptions, assumptions, surmises and conjectures.

e. The Noticee submitted that it is a matter of common knowledge that the option trading platform of the BSE has not been as vibrant as NSE. In such a situation it is just coincidence that the orders placed by our company might have been matched. However, nowhere in the entire SCN it is alleged that noticee had any connection / association / relationship with the counter party. We have heard the name of the counterparty for the first time after receipt of captioned SCN. In absence of any such connection/ association/ relationship with the counter party to trades of our Company (whose name we have come to know only after receipt of the captioned SCN) it is totally illogical and irrational to allege that trades of our company with the said counter party were non-genuine trades which resulted into creation of any artificial volume. Further, it was submitted that in the derivative segment, only those stock and indices are permitted which are very liquid and there is a robust risk mitigation mechanism is in place. Since our company had traded in the options of very well-known companies which has tradable position in the market, there was no reason to doubt credibility of the platform provided by the Exchange as approved by SEBI.

f. The Noticee submitted that their company had executed trades in only one unique contract, wherein 3 trades (2 buy and 1 sell trades) were non-genuine *trades. It is beyond our comprehension that how an allegation of fraud can be alleged against their company for execution of mere 2 buy trades and 1 sell trade. The said trades were matched with one entity only. In this connection the Noticee had relied on the Adjudication Order dated 24-12-2019 in the matter of* ***Richa Industries Limited*** *passed by the Ld. Adjudicating Officer. In this regard, the notice also submitted that their company is not facing allegation of price manipulation, synchronized trade, self-trade. Company had no connection of whatsoever nature with the counterparty to buy/sell trades with their company. Accordingly, as per the SCN, total artificial volume generated due to 2 buy and 1 sell trades were 10,00,000 shares only. Thus, the ratio laid down by Ld. AO in the said order squarely applies in the case of our company.*

g. *The Noticee submitted that their company had generated 88.65% of the volume in 1 unique contract and these allegations are merely an eyewash as it does not take into consideration the number of trades and volumes generated in complete option segment in BSE in a particular scrip on a particular day. Further, the Noticee submitted that the stock exchange platform at the relevant point of time gave a choice to write options at various strike prices as per the suitability of the trader. What has been considered in the SCN is only an option with a particular strike price and not the total trading on option 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.*

h. *The Noticee denied that 2 buy trades and 1 sell trades executed by them were non-genuine. These trades were executed on the anonymous platform of the Exchange, without any knowledge of counter party, at price ranges that were permitted by the Exchange and SEBI and the obligations arising out of it have been settled through the clearing mechanism of the Exchange. The Noticee also submitted that none of their act or trades executed by the* *company fall under the definition of fraud as provided in regulation 2(1) (c) of PFUTP Regulations. In this regard, the Noticee placed reliance on the following judgments:*

- *Order of the Hon'ble SAT in the matter of M/s. KSL & Industries Ltd. Vs SEBI (Appeal No. 9 of 2003, Date of Decision – 30.09.2003)*
- *Order of the Hon'ble SAT in the matter of Vintel Securities Ltd. Vs SEBI (Appeal No. 219 of 2009, Date of Decision – 23.11.2009)*
- *Order of the Hon'ble SAT in the matter of Dhvani Darshan Kothari & Anr. Vs SEBI (Appeal No. 276 of 2020, Date of Decision – 21.01.2021)*

i. *The Noticee submitted that, it is the discretion of the Adjudicating Officer to decide the quantum of penalty which need to be imposed in a case where charges are proved. There is no restriction or bar in the SEBI Act, which prohibits an Adjudicating Officer to impose lesser penalty than Rs. 5,00,000/- under Section 15HA of the SEBI Act. In this regard, the Noticee placed reliance on the following judgments:*

- *Order of the Hon'ble Apex Court in the matter of Adjudication Officer, SEBI Vs Bhavesh Pabari (Civil Appeal No. 11311 of 2013, Date of Decision – 30.09.2003) in M/s. Roofit Industries Ltd. case (supra) & Siddharth Chaturvedi & Ors. (supra).*

j. *The Noticee submitted that, Adjudicating Officer should exercise the discretion provided to as Adjudicating Officer judiciously and ought to consider the factors enumerated in Section 15J of the SEBI Act, 1992. Since one of the Ld. AO while passing the Adjudication Order dated 30-11-2018 against Mr. Jai Prakash Agarwal and has imposed a penalty of Rs. 5,00,000/- for generation of artificial volume of 3,94,91,500 shares by execution of 56 reversal trades in 25 unique contracts. In comparison to this case their company is facing allegation of execution of 2 buy and 1 sell trades in one unique contract and total volume generated due to alleged trades were*

10,00,000 shares. Thus, for the sake of proportionality, a token penalty should be imposed on the company. Further, Noticee submitted that company had suffered a loss of Rs. 9,99,800 while trading in the option segment of BSE during the period of investigation. …..”

7. In the interest of natural justice and in terms of the Adjudication Rules, the Noticee was provided with an opportunity of personal hearing in the matter on September 22, 2021 through the online Webex platform. Mr. Vikas Bengani, Advocate, appeared as the Authorised Representative (“**AR**”) on behalf of the Noticee on the stipulated date of hearing. During the course of the hearing, the AR reiterated the submissions made by the Noticee in his reply dated August 10, 2021. Further, AR submitted that considering the fact that the Noticee executed only 2 sell trades and 1 buy trade during the entire investigation period of 18 months. Additionally, AR stated that there was a huge time difference in between the buy orders placed by the counter party buyer and sell orders placed by the Noticee. The time difference is more than 5 minutes in one case and 6 minutes in another case. The Noticee wanted to avoid larger losses and therefore squared off the position during the course of the day. Noticee had no intention to create any artificial volume. Thus, the allegation made in the Show Cause Notice (SCN) against the Noticee for violation of SEBI (PFUTP) Regulations, 2003 are devoid of any merit and therefore liable to be dropped or consider imposing only the minimum penalty as stipulated under the relevant Act.

CONSIDERATION OF ISSUES AND FINDINGS

8. I have taken into consideration the facts and circumstances of the case, the material/documents made available on record and the submissions of the Noticee. The issues that arise for consideration in the instant case are :

    (a) Whether the Noticee has violated the provisions of Regulations 3 (a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003?

(b) Does the violation, if any, attract monetary penalty under section 15HA of the SEBI Act?

(c) 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?

9. With respect to the alleged violations in the instant matter, I note that it is pertinent to refer to the relevant provisions of the PFUTP Regulations, 2003, which are reproduced as follows:

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 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 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 6[manipulative] 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. I note that the allegation against the Noticee is that, while dealing in the stock option contracts at BSE during the Investigation Period, the Noticee 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. Reversal trades are considered as 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 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.

11. I note from the trade log of the Noticee that the Noticee had traded in 1 unique contract in stock options segment of BSE during the Investigation Period. It is observed that the Noticee had executed 3 non-genuine trades in 1 contract. I further note that the above mentioned trades of the Noticee had resulted in the creation of artificial volume of a total of 10,00,000 units in the said 1 contract. The summary of the non-genuine trades of the Noticee are as follows:

S.No.	Date	Buyer	Seller	Buy Order Time	Sell Order Time	Trade Time	Trade Rate (Rs.)	Trade Quantity
1	13/02/15	Pamas Holdings Pvt. Ltd.	Reception Tracom Pvt. Ltd.	11:31:00	11:37:04	11:37:04	0.30	4000

	13/02/15	Pamas Holdings Pvt. Ltd.	Reception Tracom Pvt. Ltd.	11:31:53	11:37:04	11:31:00	0.25	4,96,000
2	13/02/15	Reception Tracom Pvt. Ltd.	Pamas Holdings Pvt. Ltd.	12:16:07	12:16:07	12:16:07	2.25	5,00,000
		Total						**10,00,000**

12. It is noted that the Noticee had executed non-genuine trades in 1 contract, wherein the percentage of non-genuine trades of the Noticee to the total trades in the contract was 100%. Further, the artificial volume generated by the Noticee in the contract amounted to a substantial 100% of total volume generated by them in the contract. It is also noted that artificial volume generated by the Noticee contributed 100% to the total volume from the market in the said contract. The non-genuine trades executed by the Noticee in the above contract had significant difference between buy and sell rates considering that the trades were reversed on the same day.

13. Upon perusing the trade log, I note that the trades executed by the Noticee in the contract were squared up with a short span of time with their counterparty. To illustrate, on February 13, 2015, at 11:37:04.182283, the Noticee placed a sell limit order for 5,00,000 units at a price of ₹ 0.25 per unit and the said order was matched with the buy limit order which was for 4,000 units at a price of ₹ 0.30 per unit and 4,96,000 units at a price ₹ 0.25 per unit of counterparty Pamas Holdings Pvt. Ltd. I note that the said buy limit order was placed at 11:31:00.921867, i.e. before the entry of the sell limit order by the Noticee. I also note that there was no modification of either price or quantity by either the Noticee or the counterparty and the sell limit order of the Noticee got executed into trade immediately upon the entry of the sell limit order by the Noticee. Subsequently, at 12:16:07.888217, the Noticee placed a buy limit order for 5,00,000 units at a price of ₹ 2.25 per unit and the said order was matched with the same counterparty (i.e. Pamas Holdings Pvt. Ltd.), who placed a sell limit order at 12:16:07.640088 for the 7,48,000 unit at the same price (i.e. ₹ 2.25 per unit). I note that the said sell limit order was placed by the counterparty at 12:16:07.640088, i.e. at the exact same time the entry of the buy

order by the Noticee. I also note that there was no modification of either price or quantity by either the Noticee or the counterparty and the buy limit order of the Noticee got executed into trade immediately upon the entry of the buy limit order by the Noticee. I also note that balance sell limit order unit 2,48,000 (i.e.7,48,000 – 5,00,000) was not executed, since no other buyer was available.

14. 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, the Noticee reversed the position with their counterparty with a significant price difference. Such a short span of time taken for reversing the trades in an illiquid stock option contract suggests the non-genuineness of these trades executed by the Noticee. The fact that the orders of the Noticee and their counterparty matched with such precision (considering that there was a perfect match of price and quantity as well as a short time difference between placing of the orders by the Noticee and counterparty) 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 very little 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. Therefore, it is observed that the Noticee had indulged in reversal trades with her counterparty in the stock options segment of BSE and the same were non-genuine trades.

15. I note that it is not a mere coincidence that Noticee could match their trades (with the corresponding price and traded quantity entered by both the Noticee and counterparty being equal) with the same counterparty with whom they had undertaken second leg of the respective trades. This is the outcome of meeting of minds elsewhere and it was a deliberate attempt to deal in such a fashion. In this context, I would like to rely on the judgment of the Hon'ble Supreme Court of India

in SEBI Vs Kishore R Ajmera (AIR 2016 SC 1079), 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..."*

16. The Hon'ble Supreme Court of India 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."*

17. In the instant matter, I note that though direct evidence regarding meeting of minds or collusion of the Noticee with the counterparty is not forthcoming, the trading behavior of the Noticee makes it clear that the aforesaid non-genuine trades could not have been possible without meeting of minds at some level. In this context, I find it pertinent to refer to the Hon'ble SAT Order dated July 14, 2006 in the matter of Ketan Parekh Vs SEBI (Appeal No. 2 of 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."

18. In the matter of SEBI Vs Rakhi Trading Pvt Ltd (Civil Appeal no, 1969 of 2011, 3174-3177 of 2011 and 3180 of 2011, decided on February 08, 2018), the Hon'ble Supreme Court of India held that *"…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...."*

19. Additionally, the Hon'ble SAT in its judgment dated September 14, 2020 in the matter of Global Earth Properties and Developers Pvt Ltd Vs SEBI (Appeal No. 212 of 2020) relied upon the aforesaid judgment of the 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."*

20. The trading behavior of the Noticee which confirms that the trades executed by the Noticee were not normal, the 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 respective contracts. In view of the aforesaid, I find that the allegation of violation of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 by the Noticee stands established. 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.."*

21. 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, which reads as follows:

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.*

22. While determining the quantum of penalty under section 15 HA of the SEBI Act,1992 it is pertinent to consider the relevant factors stipulated in section 15J of the SEBI Act, which reads as under:

Factors to be taken into account while adjudging quantum of penalty

15J. *While adjudging quantum of penalty under 15-I, the adjudicating officer shall have due regard to the following factors, namely: -*

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

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

23. 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, incurred by the genuine investors as a result of the reversal trades/non-genuine trades executed by the Noticee with their counter parties. From the manner in which the Noticee executed the above mentioned transactions, the Noticee has violated the statutory provisions of law. In this context, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} –wherein the Hon'ble Supreme Court of India 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...".

24. I note that the Noticee indulged in execution of reversal trades in stock options on BSE in 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 regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFTUP Regulations, 2003.

I further note that the AR of the Noticee has requested for imposing only the minimum penalty as stipulated under the relevant Act considering the fact that the Noticee executed only 3 trades and that too in only 1 contract.

ORDER

25. After taking into consideration all the facts and circumstances of the case, the material / documents made available on record including the submissions of the Noticee, the factors mentioned in section 15J of the SEBI Act,1992 and in exercise of the power conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby impose a penalty of ₹ 5,00,000/- (Rupees Five Lakh only) on the Noticee, viz. M/s. Reception Tracom Private Limited (PAN-AADCR6409G), under section 15HA of the SEBI Act,1992 for the violation of regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFTUP Regulations, 2003. I am of the view that the said penalty is commensurate with the lapse / omission committed by the Noticee.

26. The Noticee shall remit / pay the said amount of penalty within 45 (forty five) days of the receipt of this order either by way of Demand Draft ("**DD**") in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai or through online payment facility available on the website of SEBI, i.e. http://www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT > ORDERS > ORDERS OF AO > PAY NOW

27. The Noticee shall forward the aforesaid DD / 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 detail:

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	

28. 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.

29. In terms of Rule 6 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, a copy of this order is sent to the Noticee and SEBI.

Date: November 18, 2021 **SUSANTA KUMAR SAHOO**

Place: Mumbai **ADJUDICATING OFFICER**