DEPUTY GENERAL MANAGER &
ADJUDICATING OFFICER

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

AO/AM/AP/P/OW/2021/22541/1
September 07, 2021

By Speed Post A.D and E-Mail

Lalita Devi Murarka, [PAN: AETPM1056M]
13 2 B Mullick Road Kalighat,
Priyanath Flr Circus Avenue Kalighat,
Calcutta, West Bengal – 700026
Email: puneet_murarka@hotmail.com

Subject: Adjudication Proceedings in respect of Lalita Devi Murarka 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 **Lalita Devi Murarka** (hereinafter, referred to as "**Noticee**"), bearing PAN – AETPM1056M, 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 June 28, 2021, to enquire into and adjudge under Section 15 HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "**SEBI Act**"), the alleged violations by the Noticee. A copy of the communiqué dated June 28, 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

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in

"**investigation**") for the period between April 1, 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 2,91,751 trades comprising 81.41% 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.

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 through 2 trades in 1 unique contract, which led to generation of alleged artificial volume of 1,60,000 units. These trades of the Noticee involved reversal with the same counterparty on the same day, but at different prices. Details of all the reversal trades of the Noticee in Stock Option Segment of BSE during investigation period are given in **Annexure B**. An analysis of dealings of the Noticee in 1 Stock Options contract – "UCOB15JUL40.00PEW3" in which the said Noticee allegedly executed reversal 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 counterparties 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 UCOB15JUL40.00PEW3 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

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 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.	UCOB15JUL40.00PEW3	0.05	80000	2.5	80000	100%	7.13%

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 contract, "UCOB15JUL40.00PEW3" during the investigation period, as follows:-

   (a) During the investigation period, 2 trades for 1,60,000 units were executed by the Noticee in the said contract on July 03, 2015.

   (b) While dealing in the said contract on July 03, 2015, at 12:53:56.34 hrs the Noticee entered into a sell trade with counterparty J B Overseas for 80,000 units at Rs. 2.5 per unit. At 13:19:14.19 hrs the Noticee entered into a buy trade with the same counterparty, for 80,000 units at Rs. 0.05 per unit.

   (c) The Noticee's two trades while dealing in the abovesaid contract during the investigation period allegedly generated artificial volume of 160000 units, which made up 7.13 % of 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.

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

Section 15HA of SEBI Act

"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"

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 SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with section 15 I of the SEBI Act, and why penalty should not be imposed section 15HA of the SEBI Act.

12. The Noticee may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulations, 2018. If the Noticee wish to opt for the settlement process, they may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned. Further, they may note that filing of settlement application does not confer any right to seek the settlement of the proceedings.

13. Your reply, if any, should reach the undersigned or through email at amydurga@sebi.gov.in and aparp@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.

14. 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.

AMY DURGA MENON
ADJUDICATING OFFICER

Enclosures: Documents relied upon are as follows: -

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communique dated June 28, 2021 appointing Adjudicating Officer	3
B	Integrated trade log of all trades of Noticee in Stock Option segment of BSE during the investigation period	1
C	Summary of dealings of Noticee in 1 Stock Option contracts in which Noticee allegedly executed reversal trades during the investigation period	1

Annexure A

SECURITIES AND EXCHANGE BOARD OF INDIA

Order communicating appointment of Adjudicating Officer

1. Whereas, Securities and Exchange Board of India (**SEBI**) has conducted examination trading in option 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 upon her 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 appointed certain Division Chiefs as Adjudicating Officers vide Order dated April 30, 2021 to enquire into and adjudge under Sections 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 I of SEBI Act. 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 to penalty, may impose penalty, as they think fit, in terms of Rule 5 of the SEBI Rules and provisions of Sections 15 HA of the SEBI Act.

Dated at Mumbai, this 28th day of June 2021.

Bhavana. R.K

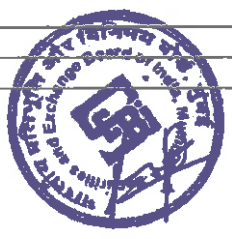
BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA

S. No.	Case ID	PAN Number	Entity Name	AO Name
246	210014974	AETPM1056M	LALITA DEVI MURARKA	Amy Durga Menon



Annexure B

S. No.	254243	254245
TRADE_DATE	03/07/2015	03/07/2015
SCRIPCODE	843966	843966
clnt_pan	AAIFJ6651J	AETPM1056M
clnt_name	J B OVERSEAS	LALITA DEVI MURARKA
cp_pan	AETPM1056M	AAIFJ6651J
cp_name	LALITA DEVI MURARKA	J B OVERSEAS
ORDER_NO	1435904569144001005	1435904569144001011
CP_ORDER_NO	1435904569144001004	1435904569144001010
TRADEID	15199	16819
ORDER_TIME	12:53:56.340970	13:19:14.193597
CP_ORDER_TIME	12:51:16.058453	13:19:13.928188
TRADE_TIME	12:53:56.340970	13:19:14.193597
ORDER_LMTIME	12:53:56.340970	13:19:14.193597
CP_ORDER_LMTIME	12:51:16.058453	13:19:13.928188
TRADE_RATE	2.5	0.05
LTP_RATE	0.0	0.0
LTP_PERCENT	0.0	0.0
TRADE_VALUE	3400000.0	3204000.0
ORDER_RATE	2.5	0.05
CP_ORDER_RATE	2.5	0.05
ORDER_LMRATE	2.5	0.05
CP_ORDER_LMRATE	2.5	0.05
ORDER_LTP	2.5	0.05
CP_ORDER_LTP	16000.0	0.05
TRADED_QTY	80000	80000
ORDER_QTY	324000	80000
CP_ORDER_QTY	80000	80000
ORDER_AVLQTY	324000	80000
CP_ORDER_AVLQTY	80000	80000
ORDER_LMQTY	324000	80000
CP_ORDER_LMQTY	80000	80000
MEMBER_NO	4035	4036
MEMBER_NAME	MKB SECURITIES PVT LTD	GEOMETRY VANIJYA PVT. LTD.
OLD_CLIENT		
MODIFIED_CLIENT	MKB471	GVP1323
CP_MEMBER_NO	4036	4035
CP_MEMBER_NAME	GEOMETRY VANIJYA PVT. LTD.	MKB SECURITIES PVT LTD
CP_OLD_CLIENT		
CP_MODIFIED_CLIENT	GVP1323	MKB471
TERMINALID	902	902
USER_NAME	SURESH KHEMKA	GOVIND GOENKA
LOCATION_ADDRESS	11, BRABOURNE ROAD, 3RD FLOOR KOLKATA WEST BENGAL 700001	11, CLIVE ROW KOLKATA WEST BENGAL 700001
CP_TEMINALID	902	902
CP_USER_NAME	GOVIND GOENKA	SURESH KHEMKA
CP_LOCATION_ADDRESS	11, CLIVE ROW KOLKATA WEST BENGAL 700001	11, BRABOURNE ROAD, 3RD FLOOR KOLKATA WEST BENGAL 700001
ORDER_AUD	A	A
CP_ORDER_AUD	A	A
ORDER_TYPE	L	L
CP_ORDER_TYPE	L	L
LOCATIONID	7000010001002012	7000010001001012
CP_LOCATIONID	7000010001001012	7000010001002012
SCRIPNAME	UCOB15JUL40.00PEW3	UCOB15JUL40.00PEW3
EXPIRY	2015-07-16	2015-07-16
STRIKEPRICE	4000.0	4000.0
SERIES	EQD	EQD
MKT_TYPE	N	N
ISIN_NO		
rqty	80000	80000



Annexure C

Index	0
clnt_pan	AETPM1056M
scripname	UCOB15JUL40.00PEW3
buy_quantity	80000
buy_value	4000
avg_buy_rate	0.05
sell_qty	80000
sell_value	200000
avg_sell_rate	2.5
non_gen_trnx_entity_contrct	2
total_trd_entity_contrct	2
total_no_of_trades_of_the_cntrct	21
art_vol_gen_entity_in_the_cntrct	160000
total_vol_gen_by_entity_in_the_cntrct	160000
total_vol_in_the_contract	2244000
prcnt_of_non_gen_trds_entity_total_trds_in_cntrct_entity	100
prcnt_of_non_gen_trds_entity_total_trds_in_cntrct	9.52
prcnt_of_art_vol_gen_entity_cntrct_total_vol_gen_by_entity_in_cntrct	100
prcnt_of_art_vol_gen_entity_cntrct_total_vol_in_cntrct	7.13

