BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/AK/VP/2023-24/26425

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:

ATLANTIC INVEST ADVISORY PRIVATE LIMITED

266, RABINDRA SARANI 1ST FLOOR,

KOLKATA WEST BENGAL INDIA

Email: incometaxfilling.ofc@gmail.com

PAN: AAHCA4878J

In the matter of dealings in Illiquid Stock Options at BSE

A. BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") observed large scale reversal of trades in stock options segment of Bombay Stock Exchange (hereinafter referred to as "**BSE**"). SEBI observed that such large scale reversal of trades in stock options lead to creation of artificial volume at BSE. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in illiquid stock options at BSE for the period April 1, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period").

2. Pursuant to a preliminary examination conducted in the Illiquid Stock Options matter an Interim order was passed by SEBI on August 20, 2015 against 59

entities which were confirmed vide Orders dated July 30, 2016 and August 22, 2016. Meanwhile, SEBI initiated a detailed investigation relating to trading in stock options segment of BSE which was completed in the year 2018. The investigation findings revealed that of all trades executed in the stock options segment of BSE during the Investigation Period, 81.38% of the trades, that is 2,91,643 trades, were trades which involved a reversal of buy and sell positions by the clients and counterparties in a contract. The investigation revealed that 14,720 entities were involved in executing non-genuine trades in BSE's stock options segment during the investigation period. The proceedings initiated against the first set of 59 entities, vide the aforementioned Interim Order were disposed of vide final Order dated April 05, 2018, without any further directions, observing that the Adjudicating Officer shall continue the proceedings in accordance with the SEBI Act, 1992 (hereinafter referred to as the "**SEBI Act**") and SEBI (Procedure for Holding and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the "**Adjudication Rules**") and pass appropriate order on merits. It was also recorded therein that SEBI has decided to take appropriate action against all 14,720 entities in phases. It was observed that Atlantic Invest Advisory Private Limited (hereinafter referred to as the "**Noticee**") was one of the various entities which indulged in execution of reversal trades in stock options segment of BSE during the Investigation Period. 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 Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

3. In the meantime, the Hon'ble Securities Appellate Tribunal (SAT), vide its Order dated October 14, 2019, in the case of *R. S. Ispat Ltd Vs SEBI*, *inter alia* observed that "*SEBI may consider holding a Lok Adalat or adopting any other alternative dispute resolution process with regard to the Illiquid Stock Options*".

4. Accordingly, a Settlement Scheme was framed under the SEBI (Settlement Proceedings) Regulations, 2018, which provided a one-time opportunity for settlement of proceedings in the Illiquid Stock Options matter. The said scheme was kept open from August 01, 2020 till December 31, 2020. Finally, adjudication proceedings were initiated against those entities who did not avail the opportunity of settlement.

5. It was observed that 13,186 entities did not avail the opportunity of settlement and therefore Adjudication proceedings were initiated against the entities in a phased manner. In order, to duly expedite the Adjudication proceedings against the entities, SEBI had appointed additional Adjudicating officers to adjudicate against the said entities. However, owing to the huge number of alleged entities, the adjudication proceedings were being conducted in a phased manner that required adequate time to complete the proceedings against all entities. The Adjudicating officers had passed Orders with respect to certain Noticees in a phased manner.

6. It was observed, that some of the entities against whom Orders were passed in the adjudication proceedings appealed before the SAT. During the course of the hearing in a group of appeals, SAT, vide its Order dated May 13, 2022, inter alia observed that "*SEBI should reconsider and seriously give a thought in coming out with a fresh Scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees/entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs*".

7. Accordingly, SEBI introduced a Settlement Scheme i.e. SEBI Settlement Scheme, 2022 (hereinafter referred to as "**Scheme 2022**") in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations,2018 (hereinafter referred to as "Settlement Regulations"). The Scheme provided a onetime opportunity to the entities against whom proceedings had been initiated and appeals against the said proceedings are pending before any forum or authority.

8. I note that SEBI framed the Scheme in accordance with the provisions of the Settlement Regulations and issued a Public Notice dated August 19, 2022 about the Scheme and the modalities for availing the benefit of the Scheme. The Notice was also made available on the website of the BSE. The Scheme was initially kept open for a period of three months commencing from August 22, 2022 to November 21, 2022 (both days inclusive). Considering the interest of a large number of entities to avail the Scheme, SEBI extended the period of the Scheme till January 21, 2023 vide public notice dated November 22, 2022. A total of 10,980 Noticees availed the benefit of the Scheme and remitted the specified settlement amount respectively. Accordingly, a settlement order was passed on March 08, 2023, settling the matter with respect to 10,980 Noticees.

9. I note that Noticee did not avail settlement under the Settlement Scheme in 2020 or 2022 and therefore Adjudication proceedings have been revived against the Noticee.

B. APPOINTMENT OF ADJUDICATING OFFICER

10. SEBI initiated adjudication proceedings and appointed Ms. Geetha G as the Adjudicating Officer (AO) under section 15-I of the SEBI Act read with Rule 3 of the Adjudication Rules, *vide* communication dated November 12, 2021. Pursuant to transfer of Ms. Geetha G, undersigned was appointed as the AO, vide

communique dated September 19, 2022, to conduct adjudication proceedings in the manner specified under Rule 4 of Adjudication Rules read with section 15I of SEBI Act, and if satisfied that Noticee is liable for penalty, impose such penalty as deemed fit in terms of Rule 5 of Adjudication Rules and Section 15HA of SEBI Act.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

11. A show cause notice dated August 04, 2022 (hereinafter referred to as "**SCN**") 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 it and thereafter penalty imposed on it u/s 15HA of the SEBI Act for the alleged violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations. I note that, vide the said SCN, the Noticee was informed of the option of Settlement Scheme 2022. The digitally signed SCN was sent to the email of the Noticee, which constitutes valid service under Rule 7 of the Adjudication Rules.

12. The Noticee did not respond to the SCN, despite grant of sufficient time. In the interest of natural justice, vide Hearing Notice dated March 2, 2023, the Noticee was granted an opportunity of personal hearing on April 18, 2023. The digitally signed hearing notice was sent to the email of the Noticee, which constitutes valid service under the Rule 7 of the Adjudication Rules. An option was given to the Noticee to avail the hearing opportunity through video conferencing and a zoom link was sent to the Noticee by email dated April 17, 2023. However, the Noticee neither appeared personally nor through video conferencing and did not avail the opportunity of hearing.

13. I note that the SCN and the Hearing Notice were delivered to the Noticee, through email with digital signature. I observe that the delivery receipts of the SCN and Hearing Notice are available on record.

14. From the above, I note that despite proper service of SCN and Hearing Notice, the Noticee has not responded. Hence, I am compelled to proceed ex-parte in the matter. As laid down by SAT in its order dated May 12, 2017 in the matter of **Shri. B. Ramalinga Raju vs. SEBI (Appeal no. 286 of 2014)**, "*even though the Noticees remained ex-parte, I find it relevant that I should be guided by the documents available on record*". I hereby proceed with the matter, based on the material available on record.

D. CONSIDERATION OF ISSUES

15. I have taken into consideration the facts of the case and the material on record, and I now proceed to consider the issues that arise in this case.

16. The core issue that arises for consideration in the instant matter is whether the trading in illiquid stock options done by the Noticee during the Investigation Period was in violation of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations? If yes, whether the Noticee is liable for a levy of Monetary penalty under section 15HA of the SEBI Act and if yes, how much should be the penalty?

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

PFUTP Regulations

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 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; ………

SEBI Act

"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.”*

18. I note that the Noticee is alleged to have entered into 69 non-genuine trades on 6 days, through 27 contracts with 26 different counterparties, as under.

Sr No	**TRADE_DATE**	**clnt_name**	**cp_name**	**TRADE_TIME**	**ORDER_LMTIME**	**CP_ORDER_LMTIME**	**TRADE_RATE**	**TRADED_QTY**	**SCRIPNAME**
1	05/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	KUMKUM RAJGARHIA	13:48:28.895903	13:48:28.895903	13:37:33.313399	2.2	240000	DISH15MAY85.00CEW1
2	05/05/2015	KUMKUM RAJGARHIA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:28:28.878001	14:28:28.878001	14:28:28.401684	0.1	240000	DISH15MAY85.00CEW1
3	05/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	PRADEEP KUMAR KAYAN	13:48:28.895903	13:48:28.895903	10:34:00.756267	1.5	4000	DISH15MAY85.00CEW1
4	05/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	PRADEEP KUMAR KAYAN	13:48:28.895903	13:48:28.895903	13:36:58.869411	2.2	116000	DISH15MAY85.00CEW1
5	05/05/2015	PRADEEP KUMAR KAYAN	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:29:47.644352	14:29:47.644352	14:29:45.408281	0.05	120000	DISH15MAY85.00CEW1
6	06/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SCANIA STEELS & POWERS LIMITED	15:15:02.909682	15:15:01.683194	15:15:02.909682	16.2	2000	SYND15MAY125.00PEW1
7	06/05/2015	SCANIA STEELS & POWERS LIMITED	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	15:14:40.366200	15:14:39.608173	15:14:40.366200	12.5	140000	SYND15MAY125.00PEW1
8	06/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SCANIA STEELS & POWERS LIMITED	15:15:29.411146	15:15:29.394327	15:15:29.411146	23.2	2000	SYND15MAY125.00PEW1
9	06/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SCANIA STEELS & POWERS LIMITED	15:15:44.212155	15:15:43.494926	15:15:44.212155	24.6	62000	SYND15MAY125.00PEW1
10	06/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SCANIA STEELS & POWERS LIMITED	15:16:02.613259	15:16:00.095552	15:16:02.613259	24.5	72000	SYND15MAY125.00PEW1
11	06/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SCANIA STEELS & POWERS LIMITED	15:15:14.810342	15:15:12.083617	15:15:14.810342	20.6	2000	SYND15MAY125.00PEW1
12	13/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	PRADEEP JAIN HUF	13:50:49.533821	13:50:49.533603	13:50:49.533821	7.05	120000	SAIL15MAY60.00CEW2
13	13/05/2015	PRADEEP JAIN HUF	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:45:42.297501	13:45:42.297501	13:45:42.297464	4.5	120000	SAIL15MAY60.00CEW2
14	13/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SANJAY AGARWALLA AND SONS HUF	13:56:49.113650	13:56:49.066917	13:56:49.113650	8.4	52000	TATP15MAY65.00CEW2
15	13/05/2015	SANJAY AGARWALLA AND SONS HUF	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:56:44.004571	13:56:44.004571	13:56:43.957587	4.4	52000	TATP15MAY65.00CEW2
16	13/05/2015	SANJEETA BOTHRA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:00:27.412098	14:00:27.412061	14:00:27.412098	5.4	84000	TATP15MAY65.00CEW2

17	13/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SANJEETA BOTHRA	14:00:32.411771	14:00:32.411771	14:00:32.302545	8.45	84000	TATP15MAY65.00CEW2
18	14/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	BALARAM SHYAM SUNDER RATHI HUF	13:38:17.754472	13:38:17.676297	13:38:17.754472	6.5	84000	DLFL15MAY120.00CEW2
19	14/05/2015	BALARAM SHYAM SUNDER RATHI HUF	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:38:10.848299	13:38:10.848299	13:38:10.770106	3.5	84000	DLFL15MAY120.00CEW2
20	14/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	DINESH KUMAR AGARWALA HUF	13:35:07.237941	13:35:07.222133	13:35:07.237941	6.4	84000	DLFL15MAY120.00CEW2
21	14/05/2015	DINESH KUMAR AGARWALA HUF	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:34:59.143962	13:34:59.143962	13:34:59.081368	3.4	84000	DLFL15MAY120.00CEW2
22	14/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	LEENA PAL	13:18:57.466767	13:18:57.466767	13:18:57.420076	10.15	124000	DISH15MAY70.00CEW2
23	14/05/2015	LEENA PAL	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:18:25.169957	13:18:25.107658	13:18:25.169957	6	124000	DISH15MAY70.00CEW2
24	14/05/2015	MODI ANAND KUMAR	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:36:59.035193	13:36:58.941372	13:36:59.035193	3.65	84000	DLFL15MAY130.00PEW2
25	14/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	MODI ANAND KUMAR	13:36:52.050935	13:36:52.035005	13:36:52.050935	6.65	84000	DLFL15MAY130.00PEW2
26	14/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SANJAY AGARWAL HUF	13:26:39.359839	13:26:39.328823	13:26:39.359839	15	90000	EXID15MAY165.00PEW2
27	14/05/2015	SANJAY AGARWAL HUF	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:26:54.750852	13:26:54.750852	13:26:54.719446	9.45	90000	EXID15MAY165.00PEW2
28	18/05/2015	A K INVESTMENTS	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:52:16.680640	14:52:16.680640	14:52:16.665263	3.5	148000	UCOB15MAY65.00PEW3
29	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	A K INVESTMENTS	14:52:22.977538	14:52:22.962132	14:52:22.977538	5.5	148000	UCOB15MAY65.00PEW3
30	18/05/2015	AMIT KUMAR BHARTIYA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:57:10.338416	14:57:10.307319	14:57:10.338416	4.8	116000	SAIL15MAY60.00CEW3
31	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	AMIT KUMAR BHARTIYA	14:57:18.713372	14:57:18.713372	14:57:18.619731	7.4	116000	SAIL15MAY60.00CEW3
32	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	AMIT KUMAR BHARTIYA	15:00:55.870835	15:00:55.855323	15:00:55.870835	8.6	90000	SYND15MAY100.00CEW3
33	18/05/2015	AMIT KUMAR BHARTIYA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	15:00:50.167512	15:00:50.167512	15:00:50.152333	6.5	90000	SYND15MAY100.00CEW3
34	18/05/2015	AMIT KUMAR BHARTIYA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:53:17.274632	14:53:17.274603	14:53:17.274632	3	108000	UCOB15MAY55.00CEW3
35	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	AMIT KUMAR BHARTIYA	14:53:21.274687	14:53:21.274687	14:53:21.274590	4.85	108000	UCOB15MAY55.00CEW3
36	18/05/2015	BALESH DAGA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:47:59.551389	13:47:59.551389	13:47:59.254651	2	137595	GMRI15MAY12.00CEW3
37	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	BALESH DAGA	13:48:14.754477	13:48:14.754477	13:48:14.754405	3.1	137595	GMRI15MAY12.00CEW3

38	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	BEGANI MOTI LAL	13:51:48.646199	13:51:48.552742	13:51:48.646199	4.9	155941	GMRI15MAY20.00PEW3
39	18/05/2015	BEGANI MOTI LAL	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:51:43.443076	13:51:43.443076	13:51:43.443047	3	155941	GMRI15MAY20.00PEW3
40	18/05/2015	BEGANI MOTI LAL	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:53:02.349587	13:53:02.349587	13:53:02.256003	1.8	220152	GMRI15MAY18.00PEW3
41	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	BEGANI MOTI LAL	13:53:11.349773	13:53:11.349742	13:53:11.349773	2.9	220152	GMRI15MAY18.00PEW3
42	18/05/2015	BHAVANA KISHOR NAGRECHA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:50:38.849145	13:50:38.848862	13:50:38.849145	5	56000	HDIL15MAY100.00CEW3
43	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	BHAVANA KISHOR NAGRECHA	13:50:43.349154	13:50:43.349095	13:50:43.349154	6.7	56000	HDIL15MAY100.00CEW3
44	18/05/2015	BHAVIN KISHOR NAGRECHA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:10:19.417669	14:10:19.417669	14:10:19.417435	4	72000	IDBI15MAY75.00PEW3
45	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	BHAVIN KISHOR NAGRECHA	14:10:23.620818	14:10:23.620818	14:10:23.620598	6.8	72000	IDBI15MAY75.00PEW3
46	18/05/2015	BHAVIN KISHOR NAGRECHA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:08:11.526449	14:08:11.526449	14:08:11.416735	3	54000	IDEA15MAY170.00CEW3
47	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	BHAVIN KISHOR NAGRECHA	14:08:15.916928	14:08:15.916928	14:08:15.916874	6.7	54000	IDEA15MAY170.00CEW3
48	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	HARENDRA C VORA HUF	13:44:45.409657	13:44:45.316120	13:44:45.409657	8	68000	FEDB15MAY130.00CEW3
49	18/05/2015	HARENDRA C VORA HUF	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:44:40.815772	13:44:40.706466	13:44:40.815772	5.8	68000	FEDB15MAY130.00CEW3
50	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	JIGNESH SHAH HUF	13:19:58.058088	13:19:58.058088	13:19:58.058056	7.95	136000	ADPW15MAY34.00CEW3
51	18/05/2015	JIGNESH SHAH HUF	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:19:47.261239	13:19:47.261239	13:19:47.261079	5	136000	ADPW15MAY34.00CEW3
52	18/05/2015	JITENDER DUGAR HUF	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:14:39.684462	14:14:39.684462	14:14:39.669162	3	128000	IFCI15MAY36.00PEW3
53	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	JITENDER DUGAR HUF	14:14:43.778286	14:14:43.669003	14:14:43.778286	4.9	128000	IFCI15MAY36.00PEW3
54	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	PANNA H VORA	13:45:43.113219	13:45:43.113219	13:45:43.113110	8	50000	FEDB15MAY145.00PEW3
55	18/05/2015	PANNA H VORA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:45:37.816125	13:45:37.816090	13:45:37.816125	5	50000	FEDB15MAY145.00PEW3
56	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	ROCKLAND MEDIA COMMUNICATION PRIVATE LIMITED	14:16:47.294761	14:16:47.294761	14:16:47.278932	8.4	88000	INCM15MAY100.00PEW3
57	18/05/2015	ROCKLAND MEDIA COMMUNICATION PRIVATE LIMITED	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:16:42.700969	14:16:42.685216	14:16:42.700969	5.6	88000	INCM15MAY100.00PEW3
58	18/05/2015	SASHI JAIN	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:20:35.577165	14:20:35.577165	14:20:35.577132	4	80000	INCM15MAY85.00CEW3

59	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SASHI JAIN	14:20:39.889514	14:20:39.873878	14:20:39.889514	7.15	80000	INCM15MAY85.00CEW3
60	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SASHI JAIN	14:21:32.108362	14:21:32.077551	14:21:32.108362	6.4	104000	IOBL15MAY36.00CEW3
61	18/05/2015	SASHI JAIN	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:21:53.077582	14:21:53.015041	14:21:53.077582	4	84000	IOBL15MAY36.00CEW3
62	18/05/2015	SASHI JAIN	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:21:26.014687	14:21:26.014687	14:21:25.983740	4	104000	IOBL15MAY36.00CEW3
63	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SASHI JAIN	14:21:57.577397	14:21:57.577397	14:21:57.514918	6.4	84000	IOBL15MAY36.00CEW3
64	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SAVITABEN CHAMPAKLAL VORA	13:46:20.144346	13:46:20.050886	13:46:20.144346	8	60000	FEDB15MAY145.00PEW3
65	18/05/2015	SAVITABEN CHAMPAKLAL VORA	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:46:13.144675	13:46:13.144272	13:46:13.144675	5.5	60000	FEDB15MAY145.00PEW3
66	18/05/2015	SUSHIL KUMAR PALRIWAL HUF	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	14:13:31.981246	14:13:31.981246	14:13:31.965402	4	88000	IBRL15MAY50.00CEW3
67	18/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	SUSHIL KUMAR PALRIWAL HUF	14:13:38.981215	14:13:38.965751	14:13:38.981215	7.9	88000	IBRL15MAY50.00CEW3
68	19/05/2015	KHUSI MAHNOT	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	13:16:42.334375	13:16:42.224982	13:16:42.334375	3.8	160000	ADPW15MAY36.00CEW3
69	19/05/2015	ATLANTIC INVEST ADVISORY PRIVATE LIMITED	KHUSI MAHNOT	13:16:57.779338	13:16:57.779338	13:16:57.725348	6.3	160000	ADPW15MAY36.00CEW3

19. I note from table above, that the Noticee while trading in the contract of SYND15MAY125.00PEW1 on 06/05/2015, sold 140000 units at 15:14:40.366200 hrs at the rate of Rs. 12.5/- per unit to counterparty, viz. SCANIA STEELS & POWERS LIMITED. Thereafter, at 15:15:02.909682 hrs, the Noticee bought 2000 units for a price of Rs. 16.2/- per unit, at 15:15:14.810342 hrs, the Noticee bought 2000 units for a price of Rs. 20.6/- per unit, at 15:15:29.411146 hrs, the Noticee bought 2000 units for a price of Rs. 23.2/- per unit, at 15:15:44.212155 hrs, the Noticee bought 62000 units for a price of Rs. 24.6/- per unit, and at 15:16:02.613259 hrs, the Noticee bought 72000 units for a price of Rs. 24.5/- per unit, from the same counterparty. Similarly, I note that the Noticee had entered 25 more reversal trade as given in the above table. I also note that the Noticee's transactions i.e.– 37 buy trade and 32 sell trade took

place on 6 different days and the order for the buy trades and sell trades were mostly placed by the Noticee and the counterparties in split second's difference.

20. Furthermore, the exactness of the quantity that got reversed between the parties on all the 6 days, the proximity in the time of the reversal of trades and above all the absence of rationale to justify the variation in the sell and buy price, certainly shows that these are non- genuine trades.

21. I note that the quantity of the units bought and sold, with the same counterparties, are the same and there's hardly any difference in the time of placement of order for the reversal trades which clearly shows that the Noticee did not intend to transfer beneficial ownership of units in the contract and the trades were non-genuine, which created artificial volume in the said contracts.

22. I note that in the said 27 contracts, the Noticee along with the respective counterparties contributed to the market volume. The contract-wise volume contribution of the Noticee along with the respective counterparties on all the days is given below:

Sr No.	Contract	%age of volume generated by the Noticee in the contract vs total volume of the Noticee	% age of artificial volume generated vs total volume in the contract
1	ADPW15MAY34.00CEW3	100	34
2	ADPW15MAY36.00CEW3	100	18.18
3	DISH15MAY70.00CEW2	100	100
4	DISH15MAY85.00CEW1	100	100

5	DLFL15MAY120.00CEW2	100	100
6	DLFL15MAY130.00PEW2	100	72.41
7	EXID15MAY165.00PEW2	100	100
8	FEDB15MAY130.00CEW3	100	100
9	FEDB15MAY145.00PEW3	100	50.46
10	GMRI15MAY12.00CEW3	100	14.15
11	GMRI15MAY18.00PEW3	100	52.17
12	GMRI15MAY20.00PEW3	100	42.5
13	HDIL15MAY100.00CEW3	100	24.14
14	IBRL15MAY50.00CEW3	100	17.46
15	IDBI15MAY75.00PEW3	100	100
16	IDEA15MAY170.00CEW3	100	35.06
17	IFCI15MAY36.00PEW3	100	34.04
18	INCM15MAY100.00PEW3	100	32.84
19	INCM15MAY85.00CEW3	100	36.7
20	IOBL15MAY36.00CEW3	100	24.23
21	SAIL15MAY60.00CEW2	100	50
22	SAIL15MAY60.00CEW3	100	100
23	SYND15MAY100.00CEW3	100	33.83
24	SYND15MAY125.00PEW1	100	100
25	TATP15MAY65.00CEW2	100	64.15
26	UCOB15MAY55.00CEW3	100	100
27	UCOB15MAY65.00PEW3	100	100

23. I note from the above table that out of 27 contracts in 22 contracts the Noticee had contributed between the range of 30% to 100% of the market volume. Thus, I find that the Noticee by executing non-genuine trades, had substantially contributed to market abuse.

24. From the facts brought out in the matter, I am convinced that the trades were a consequence of pre-meditated decision of the parties and hence are unfair trades for the purpose of PFUTP Regulations. It cannot be a matter of coincidence or lack of awareness, or without knowledge of the counterparties. Hence, the trades are non-genuine entered by the parties on the stock exchange platform by mutual understanding, which is prohibited under PFUTP Regulations.

25. In this context, it is relevant to quote the judgment of the Hon'ble Supreme Court in the matter of **Rakhi Trading (SEBI Vs. Rakhi Trading- CANo.1969/2011, Order dated February 8, 2018)**

"Fairness, integrity and transparency are the hallmarks of the stock market in India". (**Paragraph No. 1** of the part of the judgement authored by His Lordship Mr. Justice Kurian Joseph).

"… *Nobody intentionally trades for loss. An intentional trading for loss per se, is not a genuine dealing in securities. The platform of the stock exchange has been used for a non-genuine trade. Trading is always with the aim to make profits. But if one party consistently make loss and that too in pre-planned and rapid reverse trades, it is not genuine; it is an unfair trade practice."* (**Paragraph No. 35** of the part of the judgement authored by His Lordship Mr. Justice Kurian Joseph).

Their Lordships have considered similar transactions in the same segment, *"The repeated reversals and predetermined arrangement to book profits and losses respectively, made it clear that the parties were not trading in the normal sense and ordinary course. Resultantly, there has clearly been a restriction on the free and fair operation of market forces in the instant case."* (**Paragraph No. 38** authored by His Lordship Mr. Justice Kurian Joseph)

*" ….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." (***Paragraph No. 41** of the part of the judgement authored by His Lordship Mr.Justice Kurian Joseph*).*

"The smooth operation of the securities market and its healthy growth and development depends upon large extent on the quality and integrity of the market. Unfair trade practices affect the integrity and efficiency of the securities market and the confidence of the investors. Prevention of market abuse and preservation of market integrity are the hallmark of securities law ..." (Paragraph **No.38** of the part of the judgment authored by Her Ladyship Ms. Justice R. Bhanumathi). For this, the Hon'ble Judge also relied on the apex court observations in N.Narayanan Vs. Adjudicating Officer, Securities and Exchange Board of India(2013) 12 SCC 152 wherein it was inter alia observed: "Market abuse" impairs economic growth and erodes investor's confidence.

"Where certain unscrupulous elements are trying to manipulate the market to serve their own interest, it becomes imperative on the part of SEBI to intervene and to curb further mischief and to take necessary action to maintain public confidence in the integrity of the securities market..." (Paragraph **No.42** of the part of the judgment authored by Her Ladyship Ms. Justice R. Bhanumathi).

26. Finally, to answer the question as to whether these trades fall within the ambit of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations, I would like to rely on the following extract of the judgment of the Hon'ble Supreme Court in the matter of **Rakhi Trading:**

"**39.** *Regulation 2(1)(c) defines fraud. Under Regulation 2(1)(c)(2) a suggestion as to a fact which is not true while he does not believe it to be true is fraud. Under Regulation 2(1)(c)(7), a deceptive behavior of one depriving another of informed consent or full participation is fraud. And under Regulation 2(1)(c)(8), a false statement without any reasonable ground for believing it to be true is also fraud. In synchronized and reverse* *dealing in securities, with predetermined arrangement to book loss or gain between pre-arranged parties, all these vices are attracted.*

40. *Regulation 3(a)expressly prohibits buying, selling or otherwise dealing in securities in a fraudulent manner. Under Regulation 4(2) dealing in securities shall be deemed to be fraudulent if the trader indulges in an act which creates a false or misleading appearance of trading in the securities market. It is a deeming provision. Such trading also involves an act amounting to manipulation of the price of the security in the sense that the price has been artificially and apparently prefixed. The price does not at all reflect the value of the underlying asset. It is also a transaction in securities entered into without any intention of performing it and without any intention of effecting a change of ownership of such securities, ownership being understood in the limited sense of the rights of the contract." (per His Lordship Mr.Justice Kurian Joseph's findings in paragraph Nos. 39&40).*

27. The Hon'ble Appellate Tribunal has summarised the circumstances identified by the Apex court in **Rakhi Trading Judgment** in the case of **Global Earth Properties and Developers Pvt. Ltd. Vs Securities and Exchange Board of India (Appeal No.212 of 2020 decided on September 14, 2020).** In para 14 of the said order, the Hon'ble SAT enlisted the following circumstances:

*"**14 d.** An intentional trading for loss per se, is not a genuine dealing in securities. Trading is always with the aim to make profits. But if one party consistently makes loss and that too in preplanned and rapid reverse trades, it is not genuine and the same is an unfair trade practice.*
e. *In synchronised and reverse trades, there is no genuine change of rights in the contract."*

28. Further in paragraph No. 20 of the said order in **Global Earth (supra),** the Hon'ble Tribunal held as below:

> *"**20.** From the aforesaid cumulative analysis of the reversed transactions with the counter party, quantity, time and significant variation of the price clearly indicates that the trades were non-genuine and had only misleading appearance of trading in the securities market without intending to transfer the beneficial ownership. One finds it to be naïve to presume that the perception of the two counter parties to a trade changed within few seconds/minutes and positions were interchanged and the contracts were changed where one party made profit and the other party ended up making losses every time without prior meeting of mind. 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."*

29. From the above position in law and facts, it follows that the Noticee's transactions in question falls within the mischief of unfair and fraudulent or manipulative trade practice, as contemplated in the SEBI (PFUTP) Regulations. Hence, I am inclined to impose monetary penalty on the Noticee.

30. As regards the quantum of penalty leviable, I take into regard the manipulative nature of the trades placed by the Noticee that has led to 'market abuse'. Further, I have considered the contribution of the non-genuine trades of the Noticee to the market volume of the trades. It is pertinent to mention that the Noticee has voluntarily incurred losses by the execution of non-genuine trades as is borne out of records.

31. I now proceed to determine the quantum of penalty to be imposed, bearing in mind the parameters laid down in section 15 J of the SEBI Act. I observe that in this matter, the amount of disproportionate gain or unfair advantage is not quantifiable. It is probable that the Noticee may have had some unfair advantage in executing such non-genuine trades. Therefore, considering all the facts and circumstances in this matter, I am inclined to impose a minimum penalty against the Noticee, as provided under section 15HA of the SEBI Act.

32. I note that as per the provisions of the Amendment of Section 15HA vide the Securities Laws (Amendment) Act, 2014 that came into force on 08/09/2014, the penalty shall not be less than five lakh rupees. In the instant case, it is observed that the violation of the PFUTP Regulations, took place on 05/05/2015, 06/05/2015, 13/05/2015, 14/05/2015, 18/05/2015 and 19/05/2015, therefore, the penalty shall not be less than five lakh rupees.

E. ORDER

33. Therefore, in exercise of powers conferred upon me under section 15-I (2) of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs 5,00,000/- (Rupees Five Lakhs only) upon the Noticee *i.e.,* Atlantic Invest Advisory Private Limited (PAN No: AAHCA4878J) under section 15HA of the SEBI Act for violation of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations.

34. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through 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

35. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

36. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to SEBI.

Date: May 17, 2023 **AMIT KAPOOR**

Place: Mumbai **ADJUDICATING OFFICER**