



G RAMAR
CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER

By SPAD /Email

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

SEBI/HO/EAD/EAD4/P/OW/2021/24231/1
September 16, 2021

GOLDENMAPLE COMMODITIES PRIVATE LIMITED
(PAN: AAJCS8332D)

3 WEST GURU ANGAD NAGAR
LAXMI NAGAR DELHI 110092
Email: igipl2000@hotmail.com

Subject: Notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") has initiated adjudication proceedings in respect of *inter-alia* 'Goldenmaple Commodities Private Limited' bearing PAN: AAJCS8332D (hereinafter referred to as "Noticee"/ "you") for carrying out non-genuine trades in illiquid stock options at Bombay Stock Exchange (hereinafter referred to as "BSE"), thereby, allegedly violating Regulations 3(a), (b), (c), (d), 4(1) and 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").
2. In this regard, SEBI, after being satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged violations as mentioned above *inter-alia* in respect of Noticee, appointed the undersigned as Adjudicating Officer ('AO') under Section 19 read with Section 15-I(1) of the SEBI Act, 1992 (hereinafter referred to as "SEBI Act") and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter, referred to as "Adjudication Rules, 1995") to conduct adjudication proceedings in the manner

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.बी.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



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specified under Rule 4 of Adjudication Rules, 1995 read with Section 15-I (1) and (2) of SEBI Act, and if satisfied that penalty is liable, impose such penalty as deemed fit in terms of Rule 5 of Adjudication Rules, 1995 and Section 15HA of SEBI Act. A copy of communique dated April 26, 2021, conveying the appointment of Adjudicating Officer is enclosed as **Annexure A**.

3. SEBI observed large scale reversal of trades in Stock Options segment of BSE leading to creation of artificial volume. SEBI conducted an investigation into the trading activities of certain entities in illiquid Stock Options at BSE (hereinafter, referred to as "**Investigation**") for the period 01/04/2014 to 30/09/2015 (hereinafter referred to as "**Investigation Period**").
4. Reversal trades are considered non genuine trades if they involve an entity reversing its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. Artificial volume is considered as the volume (no. of units) reversed in non-genuine trades, comprising both original volume and reversed volume while keeping out the volume which is not reversed.
5. Pursuant to investigation, it was observed that during the Investigation Period, total 2,91,643 trades comprising substantial 81.38% 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 Investigation Period.
6. It is noted that said non genuine trades were not restricted to any specific contract or between any specific set of entities. It is noted that Noticee was one of the various entities who indulged in execution of non-genuine trades in Stock Options Segment of BSE during the Investigation Period.



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7. The Noticee is alleged to have engaged in 6 instances in 3 unique contracts wherein the position was taken and was reversed with the same counterparty on the same day, but at a substantial price difference. Details of all the reversal trades and summary of all reversal trades of the Noticee in Stock Option Segment of BSE during investigation period are given in **Annexure "B"** and **Annexure "C"** respectively.
8. Non genuine trades and artificial volume are illustrated through the dealings of Noticee in the contract viz, "MCRS15APR225.00CEW3" during the Investigation Period, mentioned as follows:

Trade Date	Client Name	CP Client Name	Trade Time	Trade Rate (Rs.)	Traded Quantity
26/03/2015	GOLDENMAPLE COMMODITIES PRIVATE LIMITED	SHIVA COMMODITIES PRIVATE LIMITED	15:19:17.288037	14.9	28000
26/03/2015	SHIVA COMMODITIES PRIVATE LIMITED	GOLDENMAPLE COMMODITIES PRIVATE LIMITED	15:19:22.688391	25.7	28000

- (a) During the Investigation Period, total 2 trades for 28,000 units were executed in the said contract wherein Noticee was party to both the said trades.
- (b) While dealing in the said contract on 26/03/2015, Noticee at 15:19:17 hrs entered into 1 buy trade with Shiva Commodities Pvt. Ltd. for 28,000 units at the rate of ₹ 14.9 per unit. Thereafter, on the same day, Noticee entered into 1 sell trades with the same counter party for 28,000 units at the average rate of ₹ 25.7 per unit.
- (c) From the above, it is noted that while dealing in the said contract during the Investigation Period, Noticee executed total 2 reversal trades (1 sell trade



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+ 1 buy trade), with the same counterparty viz, Shiva Commodities Pvt. Ltd. on the same day.

- (d) Thus, Noticee, through dealing in the contract viz, "MCRS15APR225.00CEW3" during the Investigation Period, executed 2 non genuine trades which is 33.33% of the total trades from the market in the said contract during the Investigation Period, and thereby, Noticee generated artificial volume of 56,000 units which is 38.36% of the volume traded in the said contract from the market during the Investigation Period.
9. Similarly, Noticee allegedly indulge in execution of non-genuine trades and generation of artificial volume in several other contracts during the investigation period.
10. As regard to all the dealings of Noticee in the Stock Options segment of BSE during the Investigation Period, it is noted that the Noticee has traded in 3 unique contracts, from which the Noticee has allegedly executed 6 non genuine trades in 3 Stock Options contract which resulted in artificial volume of total 1,56,000 units.
11. In view of the foregoing, it is alleged that the Noticee indulged in execution of reversal of trades in Stock Options with same entities on the same day. Such trades are non-genuine in nature and have created false or misleading appearance of trading in terms of artificial volumes in stock options and therefore are alleged to be manipulative and deceptive in nature. In view of the same, it is alleged that the Noticee has violated Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003. The text of the aforementioned provisions read as follows:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—



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- (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;

12. The aforesaid alleged non-compliance, if proved, makes the Noticee liable for penalty under Section 15HA of the SEBI Act. The text of the said provision is reproduced below:

¹Penalty 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 ²[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].

13. In view of the above, you are called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the Adjudication Rules, 1995

¹ Inserted by the SEBI (Amendment) Act, 2002, w.e.f.29-10-2002

² Substituted for the words —twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014



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read with Section 15-I of the SEBI Act and why penalty, if any, should not be imposed on you under the provisions of section 15HA of the SEBI Act.

14. Your reply, if any, should reach the undersigned or through email at ramarg@sebi.gov.in and preethiu@sebi.gov.in in 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, 1995. You may also indicate whether you desire a personal hearing in the matter.
15. 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 / e-mail IDs and details of contact persons for records.


G. RAMAR

ADJUDICATING OFFICER

Enclosure(s):

Annexure	Copy of relevant documents enclosed with this SCN
A	Communique dated April 26, 2021 appointing Adjudicating Officer
B	Integrated trade log of all reversal trades of Noticee in Stock Option segment of BSE during the period April 1, 2014 to September 30, 2015
C	Summary of all reversal trades