BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER No.: Order/VV/PSS/2022-23/28157-28158]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

In respect of:

(1) Atul Surendra Zaveri

(2) Sachin Vijay Shah

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1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), vide *communiqué* dated July 27, 2021 had appointed, undersigned as Adjudicating Officer, to inquire into and adjudge under Rule 5 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') and under 15HA of the SEBI Act for the alleged violation of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 ('**PFUTP Regulations**') for executing reversal trades (*which are considered to be 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*) and creating artificial volume while trading in illiquid stock options at BSE during April 01, 2014 to September 30, 2015 ('**investigation period**/**relevant period**') by **Shreeji Investment and Finance Company Private Limited** having PAN no. AAACS5239E (hereinafter referred to as the **Company/Erstwhile Noticee**). Accordingly, a show cause notice ("SCN") bearing reference no. EAD–9/ADJ/SCN/VKV/AKS/40124/2021 dated December 30, 2021 (hereinafter referred to as '**previous SCN**') was issued to the Company, wherein, Mr. Atul Zaveri (Noticee no.1) vide his letter dated January 14, 2022 informed that Shreeji Investment and Finance Company Private Limited, the Company was dissolved and struck off as a company by Registrar of Companies ("RoC") w.e.f. February 02, 2017. Accordingly, on considering the aforesaid fact of striking off of the Company, vide adjudication order - ORDER/VV/AS/2021-22/14758 dated January 24, 2022, the undersigned had disposed of the adjudication

proceedings w.r.t. Shreeji Investment and Finance Company Private Limited without going into the merits of the case.

2. Thereafter, the concerned operational department of SEBI had reviewed the 94 cases related to trading in Illiquid Stock Options at Bombay Stock Exchange Ltd. ("**BSE**"), wherein, NIL penalty has been imposed by the respective Adjudicating Officer in the adjudication proceedings initiated w.r.t. respective entity(ies). It was been observed that, the erstwhile Noticee i.e. the Company was one of the aforesaid 94 entities. Concerned department had observed that as per section 248(7) of the Companies Act, 2013, liability, if any, of every director, manager or other officer who was exercising any power of management, and of every member of the company dissolved, shall continue and may be enforced as if the company had not been dissolved.

3. Considering the above facts and circumstances, SEBI had remanded back the aforesaid matter to undersigned, vide *communique* dated August 18, 2022, (**Annexure 2**) to inquire and adjudicate upon the violation of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations by the Noticees Atul Surendra Zaveri and Sachin Vijay Shah (collectively referred to as "**Noticees**"), under Rule 5 of the Adjudication Rules and under Section 15HA of the SEBI Act, in the matter of trading in illiquid stock options at BSE. Accordingly, new proceedings were initiated and show cause notice dated September 30, 2022 was issued to the Noticees. The said notice was successfully served on the Noticees.

4. Vide letter dated November 15, 2022, the Noticees informed the Undersigned that they wish to settle the matter under the Settlement Scheme, 2022. The Noticees also informed that they are facing error namely "Data not found" in paying the settlement amount online when they tried to submit the settlement amount against their respective PAN numbers. Subsequently, vide letter dated November 22, 2022, the Noticees informed the Undersigned that they have paid the settlement amount and registration fees online against the PAN number of the erstwhile Noticee i.e. the Company (AAACS5239E).

5. I note from the common settlement order dated March 8, 2023 that at entry no.2240, settlement amount of Rs.1,00,000/- is received against the PAN of erstwhile Noticee i.e. the Company (AAACS5239E). In view of the above, I note that the present SCN

issued to the Noticees becomes infructuous considering that the Noticees have settled the matter under the Settlement Scheme, 2022.

6. After taking into consideration the aforesaid facts and circumstances, the Adjudication Proceedings initiated against Noticees vide SCN dated September 30, 2022 are disposed of without going into the merits of the case.

7. In terms of Rule 6 of the Adjudication Rules, copy of this order is sent to the Noticee and SEBI.

Date: July 18, 2023 **Vijayant Kumar Verma**

Place: Mumbai **Adjudicating Officer**