BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO: ORDER/SBM/AK/2021-22/15566)

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:

Antra Security Services Private Limited
PAN No: AAGCA2912A
5025, World Trade Centre,
5th Floor, Ring Road,
Surat, Pin - 395002

In the matter of

Dealing in illiquid stock options at BSE

FACTS OF THE CASE

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 at BSE by various entities. In this regard, SEBI conducted an investigation into the trading activity in the illiquid Stock Options segment at BSE for the period April 01, 2014 to September 30, 2015 (hereinafter referred to as **'Investigation Period'**).

2. Pursuant to investigations, it was observed that a total of 2,91,643 trades comprising 81.38% of all the trades executed in the Stock Options Segment at 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 also observed that the aforesaid trades resulted into alleged creation of artificial volume to the tune of 826.21 crore units or 54.68% of the total market volume in the Stock Options segment of BSE during the investigation period. In view of the large scale reversal of trades that were observed in the illiquid Stock Options segment at BSE, it is alleged that these trades were non-genuine in nature.

3. It was observed that Antra Security Services Private Limited (hereinafter referred to as **'Noticee'**) was one such entity which had indulged in the execution of the non-genuine trades in the Stock Options Segment at BSE during the above referred investigation period. It was observed that Noticee had entered into reversal trades with its counterparties which involved squaring off transactions with significant difference in sell value and buy value of the transactions. It was therefore alleged that Noticee had executed the reversal trades, which were non-genuine in nature and have created false or misleading appearance of trading in terms of creation of artificial volume in the Stock Options segment at BSE. Therefore, it is alleged that the Noticee has violated the provisions of regulations 3(a), (b), (c), (d) and regulation 4(1), 4(2) (a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations'**). In view of the above reasons, adjudication proceedings have been initiated against the Noticee under the provisions of section 15 HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**).

APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned was appointed as the Adjudicating Officer, vide communique dated July 27, 2021 under section 19 read with section 15-I of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **'Adjudication Rules'**) to inquire into and adjudge under the provisions of section 15HA of the SEBI Act the aforementioned alleged violation of the provisions of law by the Noticee.

SHOW CAUSE NOTICE, HEARING AND REPLY

5. Show Cause Notice ref. SEBI/HO/EAD1/SBM/KL/7061/2022 dated February 17, 2022 (hereinafter referred to as **'SCN'**) was issued to the Noticee in terms of rule 4 of the Adjudication Rules requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on the Noticee under the provisions of section 15HA of the SEBI Act.

6. The SCN issued to the Noticee, inter alia, mentioned/alleged the following-
   i. It was observed from the trade data of the Noticee that it has allegedly entered into 1 non-genuine contract wherein it executed a total of 4 trades all of which were, prima facie, non-genuine trades.
   ii. The total volume of 1,40,000 units generated by the Noticee in this 1 contract due to the alleged non-genuine trades executed by the Noticee artificial volume was

generated in the stock option segment at BSE. These alleged non-genuine trades, executed by Noticee in above contracts, had significant difference in the buy rates and sell rates considering that the trades were reversed on same day.

iii. In view of the foregoing, it was alleged that the Noticee, by indulging in execution of reversal trades in Stock Options with same entities on the same day, which were non-genuine in nature, has created false or misleading appearance of trading in the aforementioned contracts in the options segment of BSE. In view of the fact that these contracts were illiquid in nature, having very small volume in trading, the Noticee allegedly created artificial volumes in stock options which was manipulative and deceptive in nature. Therefore, in view of above, it is alleged that the Noticee has violated Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003.

7. The SCN issued to the Noticee was delivered at the address on February 25, 2022 and a letter dated February 28, 2022 was received from one Antra Security Services LLP, *inter alia*, stating that, the Noticee company has been converted to Limited Liability Partnership (**"LLP")** w.e.f., December 09, 2016, a copy of conversion certificate, issued by Ministry of Corporate Affairs (**"MCA"**) dated December 09, 2016, under Section 58(1) of the Limited Liability Partnership Act, 2008, were also provided. The details/information pertaining to the Noticee, were also ascertained from the website of MCA and it was observed that the present status of the Noticee was shown as "Converted to LLP" as on December 09, 2016. In this regard, based on the reply received and perusal of the details of the Noticee which were available on the website of MCA, the following observations are made:

    i. The Noticee i.e Antra Security Services Private Limited was registered with RoC Gujarat under CIN No. U67120GJ2007PTC050690, PAN: AAGCA2912A. The date of Incorporation was on April 30, 2007 with registered office address at Plot - 2/5198 ETC, 5th Floor – 5025, World Trade Centre, Ring Road, Surat, Gujarat, India, 395002 and email ids: nksfca@gmail.com; antrasecurities@drdcs.net. The Paid up share capital of the Noticee was Rs. 13,44,000/-.

    ii. The Certificate of Registration on Conversion of Antra Security Services Private Limited to Antra Security Services LLP issued by MCA states that, Antra Security Services LLP was registered at RoC Gujarat with LLP Identification Number: AAF-9917 on December 09, 2016. As per MCA records, the registered address of Antra Security Services LLP was Plot-2/5198 ETC, 5th Flr -5025, World Trade Centre, Near Udhana Darwaja, Ring Road, Surat, Gujarat, 395002, and email ids:

nksfca@gmail.com; antrasecurities@drdcs.net. Antra Security Services LLP has a new registered PAN -ABHFA1058J.

iii. Further, vide certificate dated June 06, 2019, the Registered Office of Antra Security Services LLP was changed from the state of Gujarat to the state of West Bengal as 71, Burtolla Street, 2nd Floor, Room No. 30, Bara Bazaar, Kolkata, West Bengal, 700007.

iv. Based on MCA records, the two Directors of Antra Security Services Private Limited, i.e, Shri Nand Kishore Sultania (DIN: 02525706) and Ms. Rajni Nadkishore Sultania (DIN: 02157119) have also moved as Designated Partners in Antra Security Services LLP.

v. The LLP Form No. 2 (Incorporation Document and Subscriber's Statement) dated December 09, 2016 provides total obligation of contribution of partners of the LLP is also Rs. 13,44,000/-.

CONSIDERATION OF ISSUES AND FINDINGS

8. I have taken into consideration the facts and circumstances of the case and the material available on record. I have also perused the submissions made by Antra Security Services LLP and also the filings by Antra Security Services LLP with the MCA. I find that the Noticee was converted to Antra Security Services LLP w.e.f., December 09, 2016 under section 58 (1) of the Limited Liability Partnership Act, 2008 **("LLP Act, 2008").** In terms of Section 56 of the LLP Act, 2008 which governs the conversion of a Private Limited Company into a Limited Liability Partnership, more specifically, in terms of paragraph 6 (c) of the Third Schedule of the LLP Act, 2008 which provides that, on and from the date of issuance of certificate for conversion of the Private Limited Company to LLP, the company shall be deemed to be dissolved and removed from the records of the Registrar of the Companies. Hence, based on the above observations, it is evident that the Noticee i.e Antra Security Services Private Limited was converted to Antra Security Services LLP on December 09, 2016 and the Noticee as a company stood dissolved, w.e.f., December 09, 2016, and was not in existence as a legal entity when the instant adjudication proceedings were initiated against the Noticee vide SCN dated February 17, 2022.

9. In view of the above facts, I am inclined to dispose of the proceedings initiated against the Noticee viz. Antra Security Services Private Limited vide SCN dated February 17, 2022.

ORDER

10. In view of the above observations/findings and in exercise of the powers conferred upon me under section 15I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby dispose of the Adjudication Proceedings initiated against the Noticee viz. Antra Security Services Private Limited vide SCN dated February 17, 2022.

11. In terms of the provisions of rule 6 of the Adjudication Rules, copies of this order are sent to Antra Security Services LLP (on behalf of the Noticee) and also to the Securities and Exchange Board of India.

Date: March 24, 2022
Place: Mumbai

SURESH B MENON
ADJUDICATING OFFICER