BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. ORDER/NH/KL/2023-24/27951]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992, READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of

KESARISUTA VINIMAY PRIVATE LIMITED

[PAN: AAECK2699A]

In the matter of Trading Members in Illiquid Stock Options

FACTS OF THE CASE IN BRIEF

1. As part of ongoing surveillance, Securities and Exchange board of India ('**SEBI**') came across instances/internal alerts wherein a set of entities were seen executing reversal trades in options on individual stocks ('stock options') in Equity Derivative Segment of the BSE. Accordingly, examination of trading in stock options segment was done for the period April 1, 2014 to March 31, 2015 from the perspective of examining trading of these entities. Pursuant thereto, an *ex-parte ad interim* Order ref. No. WTM/RKA/ISD/106/2015 dated August 20, 2015 (hereinafter referred to as '**Interim Order**') was passed by Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') in the matter of Illiquid Stock Options restraining 59 persons /entities from buying, selling or dealing in the securities market, either directly or indirectly, in any manner, till further directions.

2. Thereafter, confirmatory Orders dated July 30, 2016, August 22, 2016 and August 24, 2016 (collectively referred to as ‘**Confirmatory Orders**’) were passed by SEBI confirming the directions issued vide the Interim Order against all 59 persons /entities.

3. The modus operandi mentioned in the Interim order and Confirmatory Orders, briefly stated, was that, certain entities (clients) had continuously made profits and certain entities (clients) had continuously made losses by reversing their trades or executing reversal trades in various individual Stock Options contracts on BSE's Stock Options segment. In the Interim order, these reversal trades were also referred to as ‘non-genuine trades’. Reversal trades executed by clients through broker had been classified as those trades in which an entity (client) reverses its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty.

4. Subsequent to passing of aforementioned Interim Order against 59 persons /entities, SEBI passed an Interim Order dated February 17, 2016 against 22 Trading Members (‘Brokers’) in the same matter of Illiquid Stock Options. However, the said order was set aside by Hon’ble Securities Appellate Tribunal (‘SAT’) vide orders dated February 25, 2016, March 04, 2016, March 09, 2016, March 14, 2016, March 15, 2016, March 18, 2016 and April 05, 2016. Pursuant to appeal, in terms of order of Hon’ble Supreme Court dated July 01, 2016, SEBI passed Order No. WTM/RKA/ISD/94/2016 dated August 12, 2016 in the matter stating, *inter alia*, that a final view for appropriate action be taken after completion of ongoing investigation in the matter.

5. Investigation was carried out in the instant matter for the period April 01, 2014 – September 30, 2015 (hereinafter referred to as '**IP/ Investigation Period**'), which is same as the examination period referred in the Interim Order dated February 17, 2016 in respect of Brokers in the matter of Illiquid Stock Options.

6. Trade data of BSE's Stock Options segment during the investigation period for the Illiquid Stock Options was analysed to identify reversal trades. Pursuant to said analysis it was observed that a total of 2,91,744 trades were executed by 14,720 entities through 192 Brokers that resulted in reversal trades during the Investigation period. The aforesaid trades comprised 81.40% of all the trades executed in the BSE Stock Options Segment during the said period.

7. In this context, it is alleged that the Noticee being one of the aforementioned 192 stock brokers did not exercise due care and diligence in the conduct of its business while dealing with its clients, which is in violation of Schedule II A (2) of Code of Conduct for Stock Brokers r/w Regulation 9 (f) of the SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as '**Broker Regulations**'). Further, it is alleged that the Noticee continued to enable its clients in execution of fraudulent transactions on exchange which is in violation of Section 12 A(a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d) and 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations**').

8. In view of the above, SEBI had initiated Adjudication Proceedings against the Noticee viz. Kesarisuta Vinimay Private Limited.

APPOINTMENT OF ADJUDICATING OFFICER

9. Shri Suresh Menon was appointed as Adjudicating Officer (hereinafter referred to as '**AO**'), under Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**'), vide communique dated August 13, 2021 to inquire into and adjudge under Section 15HA and Section 15HB of the SEBI Act, the aforesaid alleged violations by the Noticee. Pursuant to the superannuation of Shri Suresh Menon, the undersigned was appointed as Adjudicating Officer in the instant matter vide Communique dated July 27, 2022.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

10. A show-cause notice bearing reference number SEBI/EAD1/SBM/AK/25674/2022 dated June 16, 2022 (hereinafter referred to as '**SCN**') was issued to Noticee by the erstwhile AO under Rule 4(1) of the Adjudication Rules to show-cause as to why, an inquiry should not be initiated against Noticee and penalty, if any, should not be imposed upon it under the provision of Section 15HA and Section 15HB of SEBI Act for the aforesaid violation alleged to have been committed by it.

11. The allegations levelled against Noticee in the SCN are briefly stated as under:

i *BSE had issued notice to all the Trading Members (brokers) casting an obligation on the broker to, inter alia, monitor and report reversal of trades in derivatives segment. BSE notice no. 20130307-21 (addressed to all the trading members) dated March 07, 2013 pertaining to 'e-Boss', inter alia, indicated the list of alerts that will be generated by BSE which includes reversal of trades in derivatives segment. Further, in terms of the aforesaid notice every broker was necessarily required to frame a surveillance policy, inter alia, covering suspicious/manipulative activity identification and reporting process.*

ii *However, as informed by BSE vide email dated November 06, 2020, no broker had reported any suspicious transactions to exchange being executed on Stock Options segment of BSE during I.P. None of the brokers generated any alerts or reported any reversal of trades executed by their respective clients.*

iii *Without a system in place to identify repeated trade reversals between the same clients, the brokers facilitated those clients in executing fraudulent transactions in the stock market who transferred profits and losses to each other in a pre-meditated manner.*

<u>Analysis of Source Data</u>

i *On analysing the source data, the data was segregated based on scenarios so as to identify scenario-wise violations by a Broker. Scenarios in which the source data was segregated is as given below:*

Scenario	*Particulars*	*Count of Brokers*	*Total number of non-genuine trades (both client and counterparty client)*	*Cumulative non-genuine trades through Brokers after removing duplicates (same broker for both clients)*	*As a % of total transactions*
1	*Same Broker for both clients on both legs of trade reversal*	*19*	*8,528*	*4,264*	*0.74*
2	*Different Broker for both clients on both legs of trade reversal*	*189*	*5,74,900*	*5,74,900*	*99.25*
3	*Trade reversals involving three Brokers*	*8*	*60*	*59*	*0.01*
	Total	*192**	*5,83,488*	*5,79,223*	*100*

**Note – There are 3 unique brokers appearing in Scenario 1 and the remaining 16 brokers of Scenario 1 are overlapping with 189 unique brokers appearing in Scenario 2. Accordingly, total Brokers through whom 2,91,744 non-genuine trades have been executed is 3+189 = 192 brokers. Names of 8 brokers appearing in scenario 3 are overlapping with names appearing in either Scenario 1 or Scenario 2.*

ii *Repeated reversals with at least 4 transactions or more (2 cycles of reversals between the same set of PAN numbers) on the same day in a particular contract between two unique PAN numbers were examined. Accordingly, it was observed that there are 64 unique set of PAN numbers who have executed repeated reversals with at least 4 transactions or more (2 cycles of reversal) through 7 different Brokers. Names of said 7 Brokers are as given below:*

Sl. No.	Name of Broker	Sl. No.	Name of Broker
1.	..	2.	..
3.	..	4.	..
5.	..	6.	..
7.	.. **KESARISUTA VINIMAY PVT. LTD.**		

iii *Hence, out of the 19 unique brokers through whom 557 clients had executed trade reversals, it is alleged that the Noticee being one of the aforesaid 7 Brokers, failed to exercise care and diligence in the conduct of business while dealing with its clients and therefore are not in compliance with Schedule II A (2) of Code of Conduct for Stock Brokers r/w Regulation 9 (f) of the SEBI (Stock Brokers) Regulations, 1992.*

Alerts generated by BSE during IP

iv *BSE vide email dated November 06, 2020, November 18, 2020, January 12, 2021 and February 05, 2021 informed that alerts were generated and communicated to 20 Brokers whose clients had executed trade reversals on same day as well as T+1 day. BSE further informed that no broker reported any suspicious transactions to exchange being executed on stock options segment of BSE during I.P.*

v *Further, vide email dated December 28, 2020, BSE forwarded notice no 20130307-21 dated March 07, 2013 pertaining to "e-Boss" which inter-alia gives the list of alerts which also includes reversal of trades in derivatives segment.*

vi *In terms of the aforesaid notice no 20130307-21 dated March 07, 2013, all the Brokers should necessarily frame a surveillance policy so as to identify and report suspicious/manipulative activities. In line with the aforesaid notice from exchange, the brokers were expected to consider various factors including but not limited to repeated reversal trades on same day, reversal price, entities involved in repeated reversal transactions on same day in various scrips, etc and accordingly put in place a system so as to identify and report suspicious/manipulative activities.*

vii *BSE generated and communicated alerts to 20 Brokers whose clients had executed trade reversals on same day as well as T+1 day. Of the 20 Brokers, clients executed trade reversals on same day through 18 Brokers. Further, of the said 18 brokers, clients executed repeated reversals on same day as envisaged in Scenario 1 through 15 brokers. However, despite alerts being generated and communicated to these 15*

Brokers through whom clients executed repeated reversals, the Brokers did not adopt any corrective measures to stop reversal of trades. This suggests negligence on part of Brokers, though these Brokers were made aware of the fact that reversal of trades were being executed through them. Further, by not taking necessary steps to generate alerts by putting a system in place to detect and curb reversal of trades, the Brokers indirectly facilitated all the clients registered with the Broker in executing reversal of trades. Names of said 15 Brokers are as given below:

Sl. No.	*Name of Broker*	*Sl. No.*	*Name of Broker*
1.	*..*	*2.*	*..* ***KESARISUTA VINIMAY PVT. LTD (Noticee)***
3.	*..*	*4.*	*..*
5.	*..*	*6.*	*..*
7.	*..*	*8.*	*..*
9.	*..*	*10.*	***..***
11.	*..*	*12.*	*..*
13.	*..*	*14.*	*..*
15.	*..*		

viii Hence, by continuing to enable their clients in executing fraudulent reversal trades on the stock exchange system despite having received alerts on reversal trades from the stock exchange during I.P., the Noticee being one of the aforesaid 15 Brokers, facilitated their clients too in execution of fraud in alleged violation of Section 12 A(a), (b), (c) of SEBI Act, 1992 r/w Regulations 3(a), (b), (c), (d) and 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

ix Further, by not taking necessary steps to generate alerts by putting a system in place to detect and curb reversal of trades, aforesaid 15 Brokers have failed to exercise care and diligence in the conduct of business while dealing with its clients and are alleged to be in non-compliance with Schedule II A (1) and (2) of Code of Conduct for Stock Brokers r/w Regulation 9 (f) of the SEBI (Stock Brokers) Regulations, 1992.

12. The SCN dated June 16, 2022 was served on the Noticee through India Post - Speed Post Acknowledgement due (herein after referred to as '**SPAD**'). Based on the material available on record it is seen that the hard copy of the SCN was

returned undelivered. Subsequently, pursuant to the superannuation of erstwhile Adjudicating Officer (AO), the undersigned was appointed as the Adjudicating Officer in the matter vide communique dated July 27, 2022. Meanwhile, I note that SEBI framed Settlement Scheme for Stock Brokers, 2022 (hereinafter referred to as 'Settlement Scheme, 2022'), in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. A public notice dated November 28, 2022 was issued about the Settlement Scheme 2022 and the modalities for availing the benefit of the said Scheme. Accordingly, a notice ref no. SEBI/HO/EAD2/NH/KL/61634/2022 dated December 08, 2022, was issued to the Noticee and the Noticee was, *inter-alia*, informed about the Settlement Scheme 2022. Further, it was also mentioned in the aforesaid letter that in case the Noticee do not wish to avail the facility under the Settlement Scheme, 2022, it could file further reply to the SCN within 30 days of its receipt. The aforesaid letter dated December 08, 2022, was served on the Noticee along with the copy of SCN dated June 16, 2022 and the copies of the annexures mentioned therein.

13. The communication made with the Noticee in respect of informing Settlement Scheme 2022 is given in the table below:

SEBI Letter / Email	Mode of Delivery attempted (address available on record/last known address)	Status of delivery
	Served through India post SPAD at the following last known addresses of the Noticee *i. 4, Chandni ….., Kolkata-700072*	i. The notice dated December 08, 2022 was returned undelivered from the address of Kolkata 700072 with remark 'left'.

SEBI notice dated December 08, 2022 along with the copies of SCN and annexures of SCN.	*ii. Durgachak, ……., Midnapore 721602*	ii. The notice dated December 08, 2022 was returned undelivered from the address of Midnapore 721602 with remark 'insufficient address'
	Digitally signed copy of the notice dated December 08, 2022 (along with copies of SCN and annexures of SCN) served on the below mentioned email id of the Noticee. *"kesarisuta……..@gmail.com"*	The SEBI email dated December 08, 2022 was delivered at the Noticee's email id.
Email dated December 22, 2022	Reminder email was sent to the Noticee at the below mentioned email ids and was advised to acknowledge the receipt of the attachments sent in the email *i. Agarwalp….@gmail.com* *ii. kesarisuta……..@gmail.com*	The SEBI email dated December 22, 2022 (along with the attachments i.e. soft copies of notice dated December 08, 2022 and SCN dated June 16, 2022) was delivered on the Noticee's email ids.
Email dated January 06, 2023	Reminder email was sent to the Noticee at the below mentioned email ids and was advised to acknowledge the receipt of the attachments sent in the email *i. Agarwalp….@gmail.com* *ii. kesarisuta……..@gmail.com*	The SEBI email dated January 06, 2023 (along with the attachments i.e. soft copies of notice dated December 08, 2022 and SCN dated June 16, 2022) was delivered on the Noticee's email ids.
SEBI Letter dated January 13, 2023	Reminder letter (along with copies of notice dated December 08, 2022 and	

	<u>SCN dated June 16, 2022) was sent through Professional courier with Acknowledgment due at the following last known addresses of the Noticee</u> *i. Durgachak, ……., Midnapore 721602* *ii. 117/12………Howrah 711106*	The letter was returned undelivered from both the aforesaid addresses of the Noticee

14. As seen from the table above, the letters sent by SEBI returned undelivered from the three (3) last known addresses of the Noticee. However, I note that the digitally signed soft copies of the letters along with attachments mentioned therein, got delivered at two email ids of the Noticee. In this context, I note that the material on record do not suggest receipt of a response from the Noticee in reply to the SCN dated June 16, 2022 or notice dated December 08, 2022 issued as regards the Settlement Scheme, 2022.

15. The settlement window under Settlement Scheme, 2022 was closed on January 19, 2023 and as per available records, I note that the details of the Noticee did not reflect in the list of entities who availed the facility under the Settlement Scheme, 2022. Consequently, Adjudication proceedings were resumed in the instant matter.

16. In this context, the service of the SCN dated June 16, 2022 was again attempted on the Noticee by SEBI – EFD Service cell by way of affixture. The status of the affixture was, *inter-alia*, mentioned by SEBI – EFD Service cell as '*Entity could not be located at the given address..".* Further the following details of the Noticee were also submitted by EFD- Service cell as on May 09, 2023.

Client name	Client PAN	Combined status	NSE remarks	BSE REMARK	NSDL remarks	CDSL Remarks	MSEI Remarks
Kesarisuta Vinimay Pvt Ltd	AAECK2699A	Deactivated	Not a client of NSE	Not a client with BSE	No BO Account found	No demat account linked for given PAN in CDSL	Not registered

17. In view thereof, the service of the SCN dated June 16, 2022 was done on the Noticee through newspaper publication in terms of the provisions of Rule 7 (d) of the Adjudication Rules. The newspaper publication was done on June 13, 2023, in the following newspapers viz. The Times of India, El Samay and Bartaman.

    a. Vide the said publication, the Noticee was informed about the issuance of SCN dated June 16, 2022 and was advised to download the soft copies of the said SCN along with the annexures from the SEBI Website as mentioned therein.

    b. Further, the Noticee was advised to make submissions in reply to the SCN, if any, by June 26, 2023. The Noticee was also informed through the publication that in the interest of natural justice, an opportunity of personal hearing is granted to the Noticee on June 29, 2023 at 02:30 PM.

    c. It was also mentioned in the said publication that in case the Noticee fails to submit its reply to the aforesaid SCN and/or fails to avail the opportunity of personal hearing within the granted time, the Adjudicating Officer would proceed further in the matter on the basis of material available on record.

    d. The email ids of the Adjudicating officer and dealing officer were also provided in the publication, for communication regarding submissions of reply, confirmation of attending hearing and for any other miscellaneous purposes.

18. In this context, it is noted that the SCN along with the annexures and the Hearing Notice were duly served on the Noticee in terms of the procedure laid under Adjudication Rules. Vide SEBI emails dated December 08, 2022, December 22, 2022 and January 06, 2023 the SCN along with the annexures were served and the Noticee was given opportunities to make submissions in the matter, if any. Further, vide newspaper publication dated June 13, 2023, the Noticee was informed and given time till June 26, 2023 to make submissions in the matter and was also advised to avail the opportunity of hearing on June 29, 2023, if any. Further, a video conferencing link (zoom software) was generated for the purpose of hearing online for the scheduled date and time and was also sent to the Noticee's email ids viz. *'kesa….@gmail.com', 'agar…..@gmail.com', 'sumi…@gmail.com' and 'jyoti…@gmail.com'* (masked for the purpose of confidentiality) vide email dated June 27, 2023. I note that the Noticee was granted sufficient opportunities to make submissions in reply to the SCN and was also granted an opportunity of hearing. Thus, the principles of natural justice were adhered to.

19. However, I note that nothing has come on record to suggest that the Noticee responded to the SEBI emails and letters and/or made submissions in response to the SCN dated June 16, 2022 and/or availed the opportunity of hearing in the matter. Further, the aforementioned video conferencing/hearing was started online and kept open for the Noticee to join, at the scheduled date and time i.e. at 02:30 pm on June 29, 2023. However, it is noted that nothing has come on record to suggest that the Noticee joined the said online hearing.

20. In this regard, it is pertinent to refer to the following orders of the Hon'ble Securities Appellate Tribunal:

a. in the matter of Dave Harihar Kirtibhai vs SEBI (Appeal No. 181 of 214 dated December 19, 2014), it was, *inter-alia*, held the following:

"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."

b. in the matter of Anil Vishnu Bharti vs SEBI (Appeal No. 861 of 2022 decided on November 16, 2022), it was, inter alia, held that:

"…4. Considering the aforesaid and even assuming for the time being that the notice was not received by the appellant when it was issued in 2018 as it was served at the address of the employer ***as given by the appellant we still find that the appellant was duly served through email****. The contention that the appellant was not using this email ID for a long period cannot be believed in the absence of any evidence.*

*5. In the light of the aforesaid****, we find that since the service of the show cause notice was made through email there was sufficient compliance of Rule 7***

of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995. *Since sufficient service has been done the AO rightly proceeded in the matter. We do not find any error in the service of the show cause notice."*

(Emphasis supplied)

c. in the matter of Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), it was, inter alia, held that:

"........... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."

21. In view of the above and in view of the facts and circumstances of the matter, I deem it appropriate to proceed against the Noticee *ex parte*, based on the material available on record.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

22. The issues that arise for consideration in the present case are:

Issue No.1 Whether the Noticee has violated the provisions of Section 12 A(a), (b), (c) of SEBI Act r/w Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations and Schedule II A (2) of Code of Conduct for Stock Brokers read with Regulation 9(f) of the Broker Regulations?

Issue No.2 Does the violation, if any, attract monetary penalty under Section 15HA and Section 15HB of SEBI Act?

Issue No.3 If the answer to issue no. 2 is in affirmative, then what should be the quantum of monetary penalty?

23. Before proceeding further, it is pertinent to refer to the relevant provisions of the Broker Regulations and PFUTP Regulations, in force at the time of impugned transactions, reproduced as under:

SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

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 markets.

Broker Regulations:

Conditions of registration.

9(f) *he shall at all times abide by the Code of Conduct as specified in Schedule II;*

SCHEDULE II

CODE OF CONDUCT FOR STOCK BROKERS

A. General

(2) *Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business*

Issue No. I- Whether the Noticee has violated provisions of Section 12 A (a), (b), (c) of SEBI Act r/w Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations and Schedule II A (2) of Code of Conduct for Stock Brokers read with Regulation 9(f) of the Broker Regulations?

BSE Notice to brokers on e-Boss dated March 07, 2013

24. I note that BSE had issued notice ref. no. 20130307-21 dated March 07, 2013 (hereinafter referred to as '**BSE notice dated March 07, 2013**'), to all the Brokers casting an obligation upon them to, *inter alia,* monitor and report reversal of trades in derivatives segment. The said notice pertains to 'e-Boss' system, which *inter alia*, indicated the list of alerts that would be generated by BSE including reversal of trades in derivatives segment. Further, in terms of the aforesaid notice, every Broker was necessarily required to frame a surveillance policy, *inter alia,* covering suspicious/manipulative activity identification and reporting process. The notice further stated that the trading members were required to put in place the required

procedures and processes duly approved by their relevant authority latest by May 15, 2013.

25. The relevant extract of the aforesaid notice is reproduced below:

'…..

The trading members are hereby further informed that the aforementioned transactional alerts are indicative in nature and the trading members can derive their own alerts in addition to the said transactional alerts as per their surveillance policy.

……

Monitoring and reporting:

1. For effective monitoring, Trading Member shall:

a. Frame a surveillance policy covering:

…

iii. Suspicious / Manipulative activity identification and reporting process.

b. The surveillance policy of the Trading Member shall be approved by its Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) as the case may be.

c. A quarterly MIS shall be put up to the Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at the end of the quarter. Reasons for pendency shall be discussed and appropriate action taken. Also, the Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) shall be apprised of any exception noticed during the disposition of alerts.

d. The surveillance process shall be conducted under overall supervision of its Compliance Officer.

e. Designated directors / partners / proprietor / Compliance Officer would be responsible for all surveillance activities carried out by the Trading Member and for the record maintenance and reporting of such activities.

2. Internal auditor of Trading Member shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report.'

26. In terms of the aforesaid notice, all the Brokers were required to necessarily frame a surveillance policy so as to identify and report suspicious/manipulative activities. In this context, BSE vide email dated November 06, 2020, submitted to SEBI that no broker had reported any suspicious transactions to it being executed on Stock Options segment of BSE during investigation period. In this context it is alleged that Noticee had failed to exercise due care, skill and diligence in the conduct of its business while dealing with its clients during the investigation period which in turn has facilitated reversal trades which were allegedly non-genuine and resulted in generation of artificial volume in stock option segment at BSE.

27. From the perusal of the material available on record i.e. trade logs, I note that the clients of the Noticee had indulged in a total of 62 reversal trades during the period from July 07, 2015 to August 28, 2015 resulting in artificial volume of 14,37,000 shares. An illustration of the trades which were executed by the clients of the Noticee in a contract viz. 'RPOW15JUL38.00PEW2', as obtained from the trade log is given in the table below:

Index	0	1	2	3
sno	257437	257440	257441	257442
TRADE_DATE	07/07/2015	07/07/2015	07/07/2015	07/07/2015
clnt_name	D..	S..	S..	D..
cp_name	S..	D..	D..	S..
TRADEID	42180	43030	43268	43303
ORDER_TIME	14:56:33.192157	14:53:07.815941	14:56:43.192346	14:52:58.628536
CP_ORDER_TIME	14:56:33.192402	14:53:07.925207	14:56:43.192198	14:52:58.628829
TRADE_TIME	14:56:33.192402	14:53:07.925207	14:56:43.192346	14:52:58.628829
TRADE_RATE	0.45	0.05	0.05	0.75
TRADE_VALUE	3845000.0	3805000.0	3805000.0	3875000.0
TRADED_QTY	100000	100000	100000	100000
MEMBER_NO	4040	4040	4040	4040
MEMBER_NAME	**KESARISUTA VINIMAY PVT. LTD.**	**KESARISUTA VINIMAY PVT. LTD.**	**KESARISUTA VINIMAY PVT. LTD.**	**KESARISUTA VINIMAY PVT. LTD.**
CP_MEMBER_NO	4040	4040	4040	4040
CP_MEMBER_NAME	**KESARISUTA VINIMAY PVT. LTD.**	**KESARISUTA VINIMAY PVT. LTD.**	**KESARISUTA VINIMAY PVT. LTD.**	**KESARISUTA VINIMAY PVT. LTD.**
USER_NAME	A…	A…	A…	A…
LOCATION_ ADDRESS	4, CHANDNI CHOWK STREET, 2ND FLOOR, KOLKATA 700072 KOLKATA WEST BENGAL 700072	4, CHANDNI CHOWK STREET, 2ND FLOOR, KOLKATA 700072 KOLKATA WEST BENGAL 700072	4, CHANDNI CHOWK STREET, 2ND FLOOR, KOLKATA 700072 KOLKATA WEST BENGAL 700072	4, CHANDNI CHOWK STREET, 2ND FLOOR, KOLKATA 700072 KOLKATA WEST BENGAL 700072
CP_LOCATION_ ADDRESS	4, CHANDNI CHOWK STREET, 2ND FLOOR, KOLKATA 700072 KOLKATA WEST BENGAL 700072	4, CHANDNI CHOWK STREET, 2ND FLOOR, KOLKATA 700072 KOLKATA WEST BENGAL 700072	4, CHANDNI CHOWK STREET, 2ND FLOOR, KOLKATA 700072 KOLKATA WEST BENGAL 700072	4, CHANDNI CHOWK STREET, 2ND FLOOR, KOLKATA 700072 KOLKATA WEST BENGAL 700072
SCRIPNAME	RPOW15JUL38.00PEW2	RPOW15JUL38.00PEW2	RPOW15JUL38.00PEW2	RPOW15JUL38.00PEW2
rqty	100000	100000	100000	100000

***Details of client names masked for the purpose of confidentiality*

28. As observed from the aforementioned illustration, the impugned reversal trades, involving those with identical quantities, with substantial differences in buy and sell rates, were executed through the Noticee (Stock Broker) on the stock options segment of BSE during the investigation period. Further, I note that the position taken was reversed between the clients amongst the same counterparty on the same day, at a substantial price difference. It is difficult to consider that such

trading is a matter of coincidence. The non-genuineness of these transactions executed by the clients of the Noticee is evident from the fact that there was no commercial basis as to why, within a short span of time, the clients of the Noticee reversed the position with their counterparties with significant price differences.

29. In this regard, it is pertinent to refer to the following orders of the Hon'ble Supreme Court and the Hon'ble Securities Appellate Tribunal:

a. In the matter of SEBI vs Rakhi Trading Private Limited (Civil Appeal No. 1969 of 2011), the Hon'ble Supreme Court, inter-alia, has held the following:

*"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 trades 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 on the stock market.**"*
*(*Emphasis added)

b. in the matter 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), it was, inter-alia, held that:
*12. Such execution of trades, in our opinion, are non-genuine trades and creates artificial volumes giving misleading appearance. **The reversal of trades executed by the Appellant cannot be called a normal trading transaction in as much as these trades were reversed within a short span ranging from a few seconds to a few minutes with the same counter parties**. By no stretch of imagination, it can be held to be a mere coincidence that the Appellants trades matched consistently with the same counter parties unless there was a meeting of minds with a view to trade at a predetermined time. Such kind of transaction, in our opinion, is a manipulative device and is also synchronised trading.*
..

19. In the light of the aforesaid, buying and selling of equivalent quantities within the day may not be illegal but if the trades were done with ulterior purposes then the same are non-genuine. ***In the instant case, we find that one party is making a profit and the other party is making a loss. In addition, there is proximity in the time of sell orders at a higher price and the same quantity is being reversed to the same party in a lower price within a fraction of seconds or few minutes****. We find that contracts got matched between the same parties. We fail to understand as to why the Appellants who made the transactions repeatedly incurred substantial losses within a few minutes. Given the fact that there was proximity of time between buy and sell orders one can reasonably point to some kind of manipulative exercise with prior meeting of minds especially when one can see it plainly that it was a clear case of synchronised trading namely that a synchronised trade is one where the buyer and seller enter quantity and time of shares they wish to transact at the same time.*

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 naive 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****"*

(Emphasis added)

c. in the matter of Ketan Parekh vs Securities and Exchange Board of India (order dated July 14, 2006), it was, inter-alia, held that:

*"**When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy /sell their stocks**. The buyer or the seller is invariably influenced by price of stocks and if that is being manipulated person doing so is necessarily influencing decision of buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. **In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is require**d. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. **This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations**"*

(Emphasis added)

30. In view of the above, I hold that the trades were executed through a pre-meditated plan by both parties and hence are unfair and non-genuine trades, violating the provisions of PFUTP Regulations.

31. The investigation of SEBI brought out that none of the brokers generated any alerts or reported any reversal of trades executed by their respective clients. Thus, by not having a system in place to identify repeated trade reversals which they were required to do as per the aforesaid notice of BSE, the brokers failed to prevent such clients from executing fraudulent transactions in the stock options of

BSE. In the instant matter, I also note that the Noticee failed to identify the impugned reversal trades in the instant matter right away or even later, which also indicates that they lacked a system in place to identify such trade reversals. This can also be attributed to the negligence of the Noticee regarding putting an adequate system in place in identify and report such trades.

32. In this regard it is pertinent to refer to the following orders of The Hon'ble Securities Appellate Tribunal:

a. In the matter of M/s. Triveni Management Consultancy Services Ltd. vs SEBI (Appeal no. 33 of 2013), it was, *inter-alia*, held that:

"..15

.. Clearly in almost all deals, orders are placed so as to ensure matching of buy and sell quantity and buy and sell price with counter party, with whom prior tacit understanding existed. ***Buy and sell orders are placed at almost same time between counter party clients, with just difference of a few seconds. Matching of these trades was not noted in a solitary incident or two****, instead, a large number of synchronized trades got matched regularly,* ***most of which were also reversed****.*

.. This Tribunal in Ketan Parekh Vs. Securities & Exchange Board of India (Appeal No. 2 of 2004) held that in order to find out whether a transaction has been executed with intention to manipulate market or defeat its mechanism will depend upon intention of parties which could be inferred from attending circumstances because direct evidence in such cases may not be available.

..16.

From foregoing it can be seen that Appellant by allowing its client to trade in fashion as described above which led to manipulation of the market, ***cannot be absolved of responsibility bestowed on him as a market intermediary to provide access to clients without conducting due diligence as required under provisions of law****. Basic duty of due diligence could be least expected* *from any market participant and failure on part of Appellant in this basic duty and has led to manipulation through synchronized, structured trades,* ***which were also found to be reversal in nature too****, among Mehta Group entities."*

b. In the matter of M/s SPFL Securities Limited vs SEBI (Appeal no. 177 of 2018) order dated October 11, 2019, it was, inter-alia, held that:

"..10.

Therefore, it is clear that at the time of the impugned trades no mechanism had been implemented by the broker in avoiding such self-trades and synchronized trades which are clearly a negligence from the side of the broker. Therefore, there is no defect in the finding that the broker did not follow due diligence and skill in avoiding market manipulation by their clients.

..15.

.. Similarly, given the frequency of self-trades and the fact that some of these were executed from the same terminal of SPFL, the finding that SPFL failed to do proper due diligence and therefore violated the code applicable for brokers under the Broker Regulations also cannot be disputed"

c. In the matter of Magnum Equity Broking Limited vs SEBI (Appeal no. 393 of 2015), it was, inter-alia, held that:

..

22.

..In the case before us however, the Impugned Order against the Appellants ***herein states clearly that by acting as broker for buyer and the counterparty broker for the seller of shares,*** *it was rather easy for the Appellant to ensure synchronization of trades to give the impression of a large number of trades being executed in the scrip of the two aforementioned companies.* ***In any case, it is hard to deny that the Appellant definitely failed in its duty to be responsible and diligent by not stopping the perfectly synchronized trades and aiding its clients*** *in creating an artificial volume in the scrips of ADPL and WTIL."*

33. In view of the above and in view of the fact that 62 reversal trades were executed by the clients of Noticee during the investigation period, I hold that the Noticee failed to exercise care and diligence in the conduct of business while dealing with its clients.

<u>Alerts generated and communicated by BSE with the Noticee during Investigation Period</u>

34. BSE vide email dated November 06, 2020, informed SEBI that alerts were generated and communicated to 20 Brokers whose clients had executed trade reversals on same day as well as T+1 day. BSE further informed that no broker reported any suspicious transactions to exchange being executed on stock options segment of BSE during I.P. The relevant material as regards the communication of alerts by BSE with brokers was also perused during the course of the proceedings.

35. On perusal of the above and the material available on record, it is observed that BSE had communicated alerts to the Noticee starting March 05, 2015 to August 11, 2015. Further, the total number alerts communicated by BSE to the Noticee were noted to be 478 alerts during the aforesaid period. It is conspicuous that the clients of the Noticee executed reversal trades, starting June 2015 i.e. even after the Noticee received alerts from BSE on March 05, 2015. In this context, I note that on receiving the alerts, the Noticee as a registered stock broker and a market intermediary was expected to carry due diligence and skill in detecting and avoiding non-genuine trades such as reversal trades by its clients. It was further expected of the Noticee to identify and put in place systems to avoid execution of non-genuine trades by its clients. However, the fact that 62 reversal trades were

executed by the clients of Noticee on from the time period June 22, 2015 to August 28, 2015 indicates that the Noticee continued to enable and facilitate its clients in execution of such trades. Further, I note that despite making the Noticee aware of the reversal trades through BSE alerts, the Noticee failed to prevent the execution of such trades by its clients. Further, it is reiterated that the Noticee was also obligated to *inter alia,* ensure*,* monitor and report reversal of trades in derivatives segment and have a surveillance policy as given under BSE notice dated March 07, 2013. However, I note that the Noticee failed to fulfil the aforementioned obligations as regards the instant case. Such acts of omission by the broker who failed to act despite being alerted by BSE can only be construed as deliberate and flagrant violation of securities laws.

36. In this regard it is pertinent to refer to the following orders of The Hon'ble Securities Appellate Tribunal:

a. In the matter of M/s. Triveni Management Consultancy Services Ltd. vs SEBI (Appeal no. 33 of 2013), it was, *inter-alia*, held that:

"..17. Regulation 4(1) of PFUTP lays that no person shall indulge in fraudulent or an unfair trade practice in securities. Regulation 4(2) (a) of PFUTP, prohibits a person from indulging in an act which creates false or misleading appearance of trading in securities market. Regulation 4(2)(b) of PFUTP prohibits dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in price of such security for wrongful gain or avoidance of loss. Regulation 4(2)(e) lays down that any act or omission amounting to manipulation of price of a security will amount to manipulation. Regulation 4(2)(o) prohibits encouraging client by an intermediary to dealt in securities solely with object of enhancing his brokerage or commission. Clauses A (1) to A (5) of Code of Conduct in Brokers Regulations state that a broker shall maintain integrity, exercise due skill and

care in his business and not indulge in manipulative, fraudulent or deceptive transactions with a view to distort market equilibrium or shall not create false market singly or in concert with others that leads to inference with fair and smooth functioning of the market. Furthermore, a broker shall abide by all provisions and statutory requirements of SEBI Act and rules.

18. It is noted from submissions made by Appellant that Appellant has not substantiated its claim that they were in fact acting in the prudent manner. Appellant was expected to be diligent and use required skill and care while acting as a broker, in which Appellant has failed. ***Appellant cannot plead ignorance and shrug off its responsibility as a broker. Therefore, explanations of Appellant are not satisfactory.***

19. ***In the light of the above transactions, it is established that Appellant has violated Regulations 4(1), (2) (a), (b), (e) & (o) of PFUTP and Regulation 7 read with Clauses A(1), A(2), A(3) A(4) & A(5) of Code of Conduct for Stock Brokers as specified in Schedule II of the Broker Regulations****.*

b. In the matter of Galaxy Broking Limited. vs SEBI (Order dated January 29, 2010) it was, inter-alia, held that:

"

..The appellant before us is a stock broker registered with the Securities and Exchange Board of India (for short the Board). It is alleged to have executed circular and reverse trades while trading on behalf of its client. It is not in dispute that the appellant executed trades (both buy and sell orders) on behalf of a client by the name of Chaitanya Raote. On January 8, 2004 it is alleged to have sold shares on behalf of the client and the counter party broker was Pilot Credit and the buy client was Deepak Vyas. This trade was reversed 17 minutes later on the same day at a higher price. Deepak Vyas then sold the very shares through Pilot Credit and the appellant purchased the same on behalf of its client. It is a clear instance of reverse trades which cannot happen on the trading system unless the client and the brokers are in league with each other.

2.

*..**The present appeal has been filed by the broker who executed the trades. Since these very trades have already been found to be manipulative and circular in nature, the impugned order has to be upheld**. In this view of the matter, no fault can be found with the impugned order passed by the adjudicating officer imposing a monetary penalty of Rs.4 lacs on the appellant.*

In the result, the appeal fails and the same is dismissed with no order as to costs.

c. In the matter of Sunil Shares and Stock Pvt. Ltd. vs SEBI (Order dated August 05, 2010) it was, inter-alia, held that:

"3.

*Having seen the frequency with which they were trading and reversing the trades, we have no doubt that the trades were being manipulated and that the buy and sell orders were put into the system at almost the same point of time with a difference of a second or two for the same quantity and at the same price. We have also no doubt that such matching orders could not result into trades without the knowledge and connivance of the appellant as a stock broker. Their pattern of trading leaves no room for doubt that they executed synchronized trades with a manipulative intent and created artificial volumes by executing fictitious trades. **There was no change of beneficial ownership in the traded shares. In this view of the matter**, no fault can be found with the findings recorded by the adjudicating officer.*

..

5.

*..We have also no hesitation in rejecting the plea of the appellant that because the terminal had been used by the client, it (the appellant) was not liable for the manipulative trades. **No matter who used the terminal, the appellant as a stock broker cannot escape its liability for the orders that were punched through its terminals.** For the reasons recorded above, we find no merit in the appeal and the same stands dismissed with no order as to costs."*

37. In view of the observations made above and in respect of the fact that reversal trades were executed by the clients of Noticee during the investigation period, I hold that the Noticee did not exercise due care and diligence in the conduct of its business while dealing with its clients, which is in violation of Schedule II A (2) of Code of Conduct for Stock Brokers r/w Regulation 9 (f) of the Broker Regulations. Further, I hold that the Noticee not only failed to identify such non genuine trades but also continued to enable its clients in execution of fraudulent transactions (reversal trades) on exchange despite being alerted by BSE, which is in violation of Section 12 A(a), (b), (c) of SEBI Act, 1992 r/w Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations.

Issue No. 2- Does the violation attract monetary penalty under Section 15HA and Section 15HB of SEBI Act?

38. As the violations were established against the Noticee as observed in the previous paragraphs, I note that the Noticee is liable for monetary penalty under Section 15HA and Section 15HB of the SEBI Act. The text of Section 15HA and Section 15HB of the SEBI Act is reproduced below:

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.*

SEBI Act

Penalty for contravention where no separate penalty has been provided.

15HB. *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

Issue No.3 - What should be the quantum of monetary penalty?

39. While determining the quantum of penalty under Section 15HA and Section 15HB of the SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under: -

Factors to be taken into account while adjudging quantum of penalty.

Section 15J *- While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation*- For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*

40. I note that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on the part of the said Noticee. However, it is reiterated that the clients of the Noticees executed a total of 62 reversal trades in the illiquid stock options and created an artificial volume of 14,37,000 units during the investigation period. I note that such huge artificial volume tends to distort the market equilibrium.

41. It is pertinent to note that the role of a Broker/Trading Member(TM) is crucial to the development of the securities market, as the broker is often the first point of contact for majority of the investors. In this regard, the role of a Broker is crucial as a facilitator of investors into the securities market. A stock broker is not just an intermediary which facilitates the investors to invest in the market, but also has a duty cast upon it, to protect the interests of investors by adhering to compliance of securities laws. So, it is of utmost importance that every Broker abides by the relevant regulations, provisions of SEBI/ Stock Exchange circulars and various guidelines issued by SEBI/ Stock Exchanges. Stock-Brokers are also required to maintain high standards of integrity, promptitude and fairness and to act with due skill, care and diligence in conduct of its business. The non-compliances on the part of the Noticee as brought out in the preceding paragraphs clearly shows that it has failed to exercise due care and diligence in the conduct of their business while dealing with their respective clients.

42. I am of the view that as a regulator of the capital markets, SEBI has the duty to safeguard the interest of investors and protect the integrity of the securities market. Since the conduct of the Noticee was not in the interest of investors in the securities market, penalty needs to be imposed on it, else it may lead to loss of investors' trust in the securities market. I hold that the violations committed by the Noticee led to creation of artificial trading volumes which had the effect of distorting the market mechanism in the illiquid stock options segment of BSE. Such actions were detrimental to the integrity of securities market and therefore, the quantum of penalty must be commensurate with the serious nature of the aforesaid violations.

ORDER

43. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and in exercise of powers conferred upon me under Section 15-I of the SEBI Act, read with Rule 5 of the Adjudication Rules, I hereby impose the monetary penalty on the Noticees as given in the table below:

Noticee	Violations established	Penal Provisions	Penalty
M/s Kesarisuta Vinimay Private Limited	Section 12 A (a), (b), (c) of SEBI Act r/w Regulations 3 (a), (b), (c), (d) and 4(1) of PFUTP Regulations	Section 15HA of the SEBI Act	Rs. 6,00,000/-(Rupees Six Lakhs only)
	Schedule II A (2) of Code of Conduct for Stock Brokers r/w Regulation 9 (f) of the Broker Regulations	Section 15HB of the SEBI Act	Rs. 2,00,000/-(Rupees Two Lakhs only)
Total amount of penalty			**Rs. 8,00,000/- (Rupees Eight Lakhs Only)**

44. I am of the view that the penalty imposed on the Noticee as mentioned above will be commensurate with the violations committed by the Noticee.

45. 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

46. Copy of this Adjudication Order is being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

Place: Mumbai **N HARIHARAN**

Date: June 30, 2023 **ADJUDICATING OFFICER**