**BEFORE THE ADJUDICATION OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. ORDER/JJ/MG/2022-2023/15802]**

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**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-

**Anita Nyati (PAN: AARPN6932H)** having address at 48, Jaora Compound, Indore, Madhya Pradesh - 452001. Email : anitanyati@gmail.com

In the matter of **dealing in Illiquid Stock Options on the BSE**

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**BACKGROUND**

1. Securities and Exchange Board of India (hereinafter be referred to as, **"SEBI"**) conducted an investigation into the trading activity in Illiquid Stock Options at BSE for the period between April 1, 2014 to September 30, 2015, (hereinafter referred to as the **"Investigation Period"**) after observing large scale reversal of trades in the Stock Options segment of the Bombay Stock Exchange Ltd. (hereinafter referred to as **"BSE"**).

2. Investigation revealed that during the Investigation Period, a total of 2,91,643 trades comprising 81.38% of all the trades executed in BSE Stock Options Segment were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract. Anita Nyati (**"the Noticee"**) was one such client whose reversal trades involved squaring off transactions with significant difference in the sell value and buy value of the transactions. The aforesaid reversal trade allegedly resulted into generation of artificial volumes by the aforesaid client and counterparty, leading to allegations that the Noticee had violated Regulation 3 (a), (b), (c), (d) and

Regulation 4 (1), 4(2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**).

**APPOINTMENT OF ADJUDICATING OFFICER**

3. SEBI initiated Adjudication Proceedings and appointed the undersigned as Adjudicating Officer (hereinafter referred to as **"AO"**) under section 15-I of the SEBI Act, 1992 (hereinafter referred to as, **"SEBI Act")** read with Rule 3 of the SEBI (Procedure for Holing Inquiry and Imposing Penalties) Rules, 1995 (hereinafter be referred to as, **"Adjudication Rules"**) vide order dated July 2, 2021, to inquire into, and adjudge under Section 15HA of the SEBI Act, 1992 the alleged violations of the aforesaid provisions of the PFUTP Regulations, by the Noticee. The appointment of the AO was communicated vide Order dated July 6, 2021.

**SHOW CAUSE NOTICE, REPLY AND HEARING**

4. Show Cause Notice No. OIAE/IAD/JJ/PBR/28080/2021 dated October 11, 2021(hereinafter referred to as, the **"SCN"**) was served upon the Noticee under Rule 4 (1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee under Section 15HA of SEBI Act, 1992 for the aforesaid alleged violations of PFUTP Regulations, 2003.

5. The allegations levelled against the Noticee in the SCN are summarized below:

    a) The Noticee was one of the entities who indulged in reversal trades which allegedly created false and misleading appearance of trading in the market, generating artificial volumes in the Stock Options Segment of BSE during the Investigation Period.

    b) The Noticee is alleged to have engaged in 2 such reversal trade in 1 unique contract, which led to generation of alleged artificial volume of 22,000 units on March 25, 2015.

    c) The trade entered by the Noticee was reversed on the same day with the same counterparty at a substantial price difference without any basis for significant change in the contract price which indicates that this trade was artificial and is non-genuine in nature.

d) A summary of dealings of the Noticee in the Stock Option contracts in which the Noticee allegedly executed non-genuine reversal trade during the Investigation Period, provided in the SCN is reproduced below:

| S. No. | Contract Name | Avg. Buy Rate (Rs.) | Total Buy Volume (no. of units) | Avg. Sell Rate (Rs.) | Total Sell Volume (No. of Units) | %of Artificial Volume generated by Noticee in the contract to Noticee's Total Volume in the Contract | %of Artificial Volume generated by Noticee in the contract to Total volume in the contract |
|---|---|---|---|---|---|---|---|
| 1 | ARV15MAR220.00CE | 33.60 | 11,000 | 44.50 | 11,000 | 100% | 100% |

*Note: "Unit" refers to lot size in contract multiplied by number of contracts traded.*

6. From the trades executed by the Noticee in the contract of "ARV15MAR220.00CE", it is observed that:

a) While dealing in the said contract on 25/03/2015, at 14:10:18.98 hrs. and 14:10:59:94 the Noticee entered into a buy trade with counterparty Shanta Bagad for 10,000 units and 1000 units at Rs. 33.60 per unit, which was reversed by a sell trade at 14:22:40:30 hrs with the same counterparty for 11,000 units at Rs. 44.50 per unit.

b) The Noticee's two trades in the Stock Options contracts to total trades in the said contract in the market was 100% (22,000 being total market volume in the contract) during this period. Hence, it is alleged that by two trades Noticee executed a total volume of 22000 units which was artificial and non-genuine in nature.

7. The Noticee did not reply to the SCN. Vide letter reference number OIAE/IAD/P/OW/33357/2021 dated November 23, 2021 a reminder was sent to the Noticee to reply to the SCN. Vide letter dated December 8, 2021 the Noticee replied to the SCN pointwise. On December 8, 2021 the Noticee also sent an e-mail to the undersigned from email id:anitanyati@gmail.com once again enclosing her reply dated December 8, 2021 in the matter and seeking personal hearing. Vide another letter dated December 8, 2021 the Noticee sought personal hearing in the matter and also attached her earlier reply in the matter. The hard copy of her reply dated December 8, 2021 was received on December 13, 2021.

8. Following the principles of natural justice, the Noticee was accorded an opportunity for personal hearing on December 22, 2021 via video conferencing. The Noticee vide mail dated December 21, 2021 attached an authority letter for her authorized representative to appear in the hearing. She appointed her CA Mr. Mahendra Sharma to appear on her behalf. However, on the said date the Noticee/Authorized Representative did not appear for the personal hearing. After some time had elapsed following principles of natural justice vide email on January 5, 2022 another opportunity for personal hearing was given to the Noticee on January 7, 2021 by video conferencing. In her email reply sent from email id anitanyati@gmail.com dated January 7, 2022, she stated that her Authorized representative could not connect with AO for the hearing and she sought to reschedule the hearing. Following principles of natural justice and acceding to her request to reschedule the hearing vide letter reference number OIAE/IAD/P/OW/1282/1/2022 hearing was given to Noticee on January 20, 2022 through video conferencing. On January 20, 2022 the Noticee was represented by her Authorized Representative Mr. Mahendra Sharma. The authorized representative acknowledged the points made in the SCN and reiterated the submissions made in reply of the Noticee dated December 8, 2021.

9. By indulging in execution of the aforesaid non-genuine reversal trades, the Noticee

is alleged to have violated Regulations 3(a),(b),(c),(d), 4(1), 4(2)(a) of the PFUTP Regulations, 2003 the text of which has been reproduced below:-

"*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"*

**REPLY OF THE NOTICEE TO ALLEGATIONS RAISED IN SCN**

10. The Noticee vide letter dated December 8, 2021 forwarded her submissions. The points raised in her submissions are as follows –

(i) She stated that she had not violated regulations mentioned in SCN during her trading in stock options segment of Bombay Stock Exchange (BSE) and the trades were executed in routine course of business.

a) Further, she stated that in SCN during the course of investigation carried out by SEBI in the stock options segment of BSE for the period starting from April 1, 2014 to September 30, 2015 several instances were noted, wherein she had been involved in execution of reversal of trades to generate artificial volume. For this she countered that during the inspection period, she was usually trading in NSE

FO and only once traded in BSE FO in the contract ARVI15MAR220.00CE in the stock options segment of BSE on 25-03-2021 where 11000 units were purchased at Rs. 44.5/- and the same were sold at Rs. 33.6/- on the same day, in normal course of business. This was a simple intra-day trade executed in small quantity in normal course of trading.

(ii) She stated that she was a trader who complied with rules and regulations and executed trades by following all the guidelines, rules and regulations prescribed by SEBI and the Stock Exchange. She traded in small quantities in normal course of business without any intention to generate artificial volume.

(iii) She had never been involved in any type of misleading practices, unfair trade practices which lead to reversal of trades or creation of artificial volumes.

(iv) She stated that these trades were executed on the anonymous platform of the Exchange in genuine manner with the limits provided by the Exchange, at price ranges that were permitted by the Exchange. Also that a trader while trading in illiquid options does not know who he/she is trading with and that she was unaware of the counterparty and had no connection or relationship with counterparties to the impugned trades. She had incurred a loss so she stopped trading in BSE FO.

(v) She further stated that she had executed only the buy and sell of the stock option which was in nature of routine intra-day trade, where 11000 units were purchased and 11000 units were sold and she did not indulge in reversal of trades or generate any artificial volume in stock options segment of BSE. Also, while placing the order she did not get any alert with regard to "reversal of trades or transaction with same counter party", if the same had been reflected on screen then she would not have executed that particular trade.

(vi) She reiterated that she had always followed all the guidelines, rules and regulations prescribed by SEBI and the Stock Exchange both in word and spirit and did not indulge in practices in violation of Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent And Unfair Trade Practices) Regulations, 2003.

(vii) She stated that the AO should take into consideration her submissions and facts and not hold her liable for any monetary penalty under Section 15 HA and any other section of SEBI Act, 1992. The allegation of executing non-genuine reversal of trade was not justified.

**CONSIDERATION OF ISSUES AND FINDINGS**

**11.** The following issues arise for consideration in the instant matter for adjudicating under Section 15HA of SEBI Act, 1992:

**Issue No. I** *Whether the Noticee is in violation of Regulation 3(a),(b),(c),(d) and Regulation 4(1) and 4(2)(a) of PFUTP Regulations, 2003?*

**Issue No. II** *If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15HA of the SEBI Act, 1992?*

**Issue No. III** *If yes, what would be the quantum of monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act, 1992 read with Rule 5(2) of the Adjudication Rules, 1995?*

**Issue No. I** ***Whether the Noticee is in violation of Regulation 3(a), (b), (c), (d) and Regulation 4(1) and 4(2)(a) of PFUTP Regulations, 2003 as alleged in the SCN?***

**Examination of the facts of the case**

12. Before going into the legal aspects examination of the facts of the case is appropriate. The facts of the case are brought out below –

13. On March 25, 2015, the Noticee bought 11000 units in the contract named "ARV15MAR220.00CE" from Shanta Bagad at Rs.33.6 per unit in two trades. Within 12 minutes, the Noticee had sold the said 11000 units of the contract to the same counterparty in 1 trade at average sell price of Rs. 44.50 per unit. The said reversal trades were executed within 12 minutes of each other, generating artificial volumes to the extent of 22000 units in the aforesaid contract and there was substantial price difference of Rs.10.90 between the buy trades (at Rs.33.6) and sell trades (at Rs. 44.50) executed within minutes of each other.

14. Further, I note all of the Noticee's orders were placed within a second of the counterparty's order during the buy leg of reversal trade and within a time difference of 1 second with respect to sell leg of the reversal trade. The Noticee's order time was 14:10:59 and 14:10:18 during buy leg of reversal trade and counterparty's order time was 1 second earlier at 14:10:58 and 14:10:17 respectively. Similarly in the reverse leg of the trade the Noticee's order time was 1 second earlier than counterparty's order time i.e at 14:22:39 vis a vis counter party's at 14:22:40.

15. I also note from order placement rates that in all three transactions for buy of 1000 and 10000 units and sell of 11000 units the order rate placed by the Noticee and the counterparty was exactly the same. In the first leg of the trade the order rate was Rs.33.6 placed by both Noticee and counterparty and in the reverse leg of the trade the order rate was Rs. 44.5 placed by both Noticee and counterparty.

16. In each instance of reversal trade, the counterparty with respect to the reverse leg of the trades entered into by the Noticee was the same as the first leg. I find that trades were reversed by executing opposite trades on the same day with the same counterparty. I also note that the trades entered into by the Noticee were reversed at a substantial price difference from the first leg without any basis for the significant change in the contract price within such a short period of time of 12 minutes.

17. I find it relevant to note here that in the matter of Securities and Exchange Board of India v. Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174- 3177 and 3180 of 2011 decided on February 08, 2018), which was a similar case involving execution of reversal trades in index options, the Hon'ble Supreme Court held that *"… the traders thus having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations…"*

18. Further, the Hon'ble Securities Appellate Tribunal, in its judgement dated September 14, 2020 in the matter of Global Earth Properties and Developers Pvt. Ltd. Relied upon the aforesaid judgement of Hon'ble Supreme Court and held that, "*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*."

19. I further note that the Noticee as well as counterparty were trading through the same broker with the same location address.

20. Though the Noticee replied that trade reversal was done after almost 12 minutes of first trade and in a screen based trading system it was impossible to know the counterparty, and that trades were intraday trades done in normal course of business, but I note that the trade was synchronized as the order placement was within 1 second of the counterparty. Also the price at which buy and sell orders were placed was exactly the same as the counterparty. The broker and counterparty broker were from same location id. This cannot be mere co-incidence. The facts of the case point to pre-ponderance of probability of meeting of minds

of the counterparties. I also rely on the judgment of Hon'ble Supreme Court in SEBI v Kishore R Ajmera (AIR 2016 SC 1079), wherein it was held that - "…*in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive...*"

21. I note that the trading behaviour of the Noticee makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level. The meeting of minds of the Noticee with the counterparty is drawn on the basis from various circumstances like volume of trade, proximity of order times of buy and sell orders and no price differential between placement of order rates and trade getting executed within a short span of time of 12 minutes on the same day and both broker and counterparty broker operating from the same location.

22. I deem it appropriate to refer to the Hon'ble SAT order dated July 14, 2006, in the case of Ketan Parekh vs. SEBI (Appeal no. 2/2004), wherein the Hon'ble SAT has observed that - *"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*

23. Further, I place my reliance on the judgment of Hon'ble Supreme Court in the matter in respect of SEBI v Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018), in which the Hon'ble Supreme Court observed that - *"the price discovery system itself was affected by synchronization and rapid reverse trade, which also had the impact of excluding other investors from participating in the market. The Supreme Court, therefore found that the traders having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations".* The Apex Court also observed that - *"Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading 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 makes loss and that too in pre-planned and rapid reverse trades, it is not genuine; it is an unfair trade practice"… "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."*

24. From the above, I further note that all of the Noticee's orders were synchronized with those of the counterparty. While synchronized trades may occur by accident in a liquid stock, execution of such synchronized trades in an illiquid market with anonymous trading can only happen if there is prior meeting of minds with a view to execute trades. The placement of orders at a time difference of 1 second and the broker and counterparty broker being same with same location id shows by the yardstick of pre-ponderence of probability that there was a prior meeting of minds to execute the trades.

25. The Hon'ble Supreme Court further held in the same matter that – "*It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion."*

26. The allegation that the Noticee carried out reversal trades is directly supported by evidence from the trade log records in Annexure B of the SCN. On March 25, 2015, the Noticee is seen to have indulged in 3 such reversal trades in 1 unique contract, and generated artificial volume of 22,000 which was 100% of the Noticee's total volume in the contract and Noticee's volume was 100% of the in total volume traded in the contract on that day.

27. I note the Noticee is seen to have indulged in 3 such synchronized reversal trades in 1 unique contract on March 25, 2015.

28. The manner of placing buy and sell orders in a synchronized manner within a second of each other, reversal of the trades within a short time on the same day, and wide variation in prices of the trades in the same contract in a short time without any basis for such wide variation, the broker and counter party broker being same with same location id all indicate

that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volume in the contract. By engaging in such trades, the Noticee thereby violated provisions of Regulation 3(a), 3(b), and 4(2)(a), 4(2) (b), of PFUTP Regulations, 2003 which states that dealing in securities will be deemed to be a fraudulent and unfair trade practice if it involves *"indulging in an act which creates false or misleading appearance of trading in the securities market"*.

29. I find it relevant to note here that in the matter of Securities and Exchange Board of India v. Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174- 3177 and 3180 of 2011 decided on February 08, 2018), which was a similar case involving execution of reversal trades in index options, the Hon'ble Supreme Court held that *"… the traders thus having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations…"*

30. The Noticee has stated that she did trades only for 22000 units under the contract and only 3 reversal of trades in a one off transaction. Though the number of trades was only 3, I note that it contributed to 100% of Noticee's total volume in the contract and 100% of the total volume traded in the contract on that day. So these 3 reversal of trades did have an impact on the volume traded in the contract.

31. I find it relevant to note here that in the matter of Securities and Exchange Board of India v. Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174- 3177 and 3180 of 2011 decided on February 08, 2018), which was a similar case involving execution of reversal trades in index options, the Hon'ble Supreme Court held that *"… the traders thus having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations…"*

32. The averment of the Noticee that during the period from April 1, 2014 to September 30, 2015 several instances of reversal of trades were noticed whereas she was involved in reversal of trades on BSE only. However the Noticee has misunderstood as during the period reversal of trades on BSE FO segment were observed in different contracts mentioned in SCN and not for this single contract.

33. The Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) held that - *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…"*.

34. From the foregoing I conclude that the Noticee entered into non-genuine transactions in a synchronized manner with the counterparty and gave a misleading appearance of trading by creating artificial volume and she thereby violated provisions of Regulations 3(a), (b), and 4(1), 4(2)(a) of SEBI PFUTP Regulations, 2003.

**Issue No. II If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15HA of the SEBI Act.**

**And**

**Issue No. III If yes, what would be the monetary penalty that Imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?**

35. Since the violation of Regulation 3(a), (b), and 4(1), 4(2)(a) of PFUTP Regulations, 2003 has been established against the Noticee, as brought out in the foregoing paragraphs, the Noticee is liable for monetary penalty under Section 15HA of SEBI Act, 1992.

36. The text of Section 15HA of SEBI Act, 1992 is reproduced below:

*37. SEBI Act, 1992: 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."*

**Factors to be taken into account by the adjudicating officer**

38. While determining the quantum of penalty under Section 15HA of SEBI Act, 1992 the following factors stipulated in Section 15J of the SEBI Act, 1992 have to be given due regard:

***"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."*

39. As established above, the trades by the Noticee were non-genuine in nature and created a misleading appearance of trading. I note that the trading was in illiquid stock option contracts where there was nil or negligible participation by the public. Investigation has not shown the amount of profit/loss of the counterparties to the trades as a result of the non-genuine trades. However, considering that the violation by the Noticee is creation of artificial trading volumes by trading between two counterparties and wider market is not involved in the trades, the trades are such that one of the counterparty books a profit while the other counterparty books a loss. Hence, it would be appropriate to consider the impact of these transactions between the two counterparties in totality. When the impact of artificial volumes created by the two counterparties is seen as a whole, the actual gain made by the Noticee from these transactions was to extent of Rs.1,19,900/-. Since these transactions are only one reversal of trade the actual gain made by the Noticee cannot be stated to have caused loss to any group of investors and is not repetitive in nature.

40. The Noticee has contributed to artificial volumes in 1 contracts on 1 day during the Investigation Period. Therefore, taking into account the facts and circumstances of this matter, and the proportion of trading by the Noticee as compared to the total volume of reversal trades in the market during the Investigation Period, I am of the view that a penalty of Rs.5,00,000/- (Rupees Five Lakh only) under Section 15HA of the SEBI Act will be commensurate with the violations committed by the Noticee.

## ORDER

41. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15-I of SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs.5,00,000/- (Rupees Five Lakh only) on the Noticee i.e. Anjana Goenka under Section 15HA of the SEBI Act, 1992 for violation of Regulation 3(a), 3 (b) and 4(1) 4(2)(a) of PFUTP Regulations, 2003.

42. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link

ENFORCEMENT → Orders → Orders of AO → PAY NOW

43. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – I of SEBI. The Noticee shall provide the following details while forwarding DD/ payment information:

a) Name and PAN of the entity (Noticee)

b) Name of the case / matter

c) Purpose of Payment – Payment of penalty under AO proceedings

d) Bank Name and Account Number

e) Transaction Number

44. In terms of the provisions of Rule 6, a copy of this Adjudication Order is being sent to the Noticee and also to SEBI.

**Date: 01 April, 2022**

**Place: Mumbai** **JENY JOHN**

**AJUDICATING OFFICER**