भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

*By Speed Post AD/ e-mail*

**DEPUTY GENERAL MANAGER**
**ADJUDICATING OFFICER**

SEBI/ERO/MD/AK/OW/2022/13672/1
March 31, 2022

**Ulike Carriers And Finance Private Limited,** [PAN: AAACU6742L]
Addres-1: Prakash Deep Building, 2Nd Floor,
240 Sevoke Road, Siliguri West Bengal 734001
Addres-2: H/389/N, Somani Mill compound, ward No. 25,
Station Feeder Road, Siliguri, Darjeeling, WB - 734005
E-mail : rajesh31121972@gmail.com, rajesh1972@gmail.com
**Contact No.** 9641037697

**Sub: Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options at BSE**

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") has initiated adjudication proceedings, *inter alia*, in respect of **Ulike Carriers And Finance Private Limited** (hereinafter referred to as "**Noticee**"), bearing PAN – AAACU6742L, for allegedly violating the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations, 2003**"), in the matter of trading in illiquid stock options at BSE Ltd. ("**BSE**").

2. The undersigned was appointed as Adjudicating Officer vide order dated September 20, 2021, to enquire into and adjudge under Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "**SEBI Act**"), the alleged violations by the Noticee. A copy of the communiqué dated September 27, 2021 appointing the undersigned as Adjudicating Officer is placed at **Annexure A**.

3. As part of ongoing surveillance, SEBI came across large scale reversal of trades in Stock Options segment of the BSE. Subsequently, SEBI conducted an investigation into the trading activity in illiquid Stock Options at BSE (hereinafter, referred to as "**investigation**") for the period between April 1, 2014 to September 30, 2015 (hereinafter referred to as "**Investigation Period**").

4. Pursuant to investigation, it was observed that during the investigation period, a total of 2,91,744 trades comprising 81.41% 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. The reversal trades involved squaring off transactions, but with significant difference in the sell value and buy value of the



पूर्वी क्षेत्रीय कार्यालय : एल एंड टी चैम्बर्स, तीसरी / पाँचवीं मंजिल, 16, कैमक स्ट्रीट, कोलकाता - 700017, पश्चिम बंगाल, दूरभाष : +91-33-23023000 / 3133, फैक्स : +91-33-2287430[illegible] : sebiero@sebi.gov.in
Eastern Regional Office : L&T Chambers, 3rd / 5th Floor, 16, Camac Street, Kolkata - 700017, West Bengal, Ph : +91-33-23023000 / 3133, Fax : +91-33-22874307 [illegible] : sebiero@sebi.gov.in
मुख्यालय : सेबी भवन, प्लॉट सं. सी4-ए, 'जी' ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400051, महाराष्ट्र, दूरभाष : +91-22-26449000 / 40459000, फैक्स : +91-22-26449019-22 / 4045[illegible] ई-मेल : sebi@sebi.gov.in
Head Office : SEBI Bhawan, Plot No. C4-A, 'G' Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400051, Maharashtra, Tel. : +91-22-26449000 / 40459000, Fax : +91-22-26449019-22 / 4045[illegible] E-mail : sebi@sebi.gov.in

transactions. The aforesaid reversal trades allegedly resulted into generation of artificial volumes.

5. The Noticee was one of the entities which indulged in reversal trades which allegedly created false and misleading appearance of trading, generating artificial volumes in the Stock Options Segment of BSE during the investigation period. The Noticee is alleged to have engaged in 1 such reversal trade in 1 unique contract, which led to generation of alleged artificial volume of 4000000 units. These trades of the Noticee involved reversal with the same counterparty on the same day but at different prices. A copy of relevant extracts of trade log containing all reversal trades of the Noticee in Stock Options segment of BSE during the investigation period is enclosed as ***Annexure B***. An analysis of the dealings of the Noticee in 1 Stock Options contract in which the Noticee allegedly executed reversal trades during the investigation period is enclosed as **Annexure C**.

6. The trades entered by the Noticee were 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 these trades are artificial and are non-genuine in nature.

7. A summary of the dealings of the Noticee in 1 Stock Options contract in which the Noticee allegedly executed reversal trades during the investigation period is as follows:

| Date | Buyer | Seller | Buy Order Time | Sell Order Time | Trade Time | Trade Rate (Rs.) | Trade Quantity |
|---|---|---|---|---|---|---|---|
| 23/03/2015 | Ulike Carriers And Finance Private Limited | O.E.Impex Private Limited | 14:28:28.487901 | 14:28:28.166297 | 14:28:28.487901 | 1.40 | 2000000 |
| 23/03/2015 | O.E.Impex Private Limited | Ulike Carriers And Finance Private Limited | 14:34:11.160317 | 14:34:10.507839 | 14:34:11.160317 | 0.15 | 2000000 |

| 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. | RPOW15MAR60.00CE | 1.40 | 2000000 | 0.15 | 2000000 | 100 | 37.26 |

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

8. The analysis of the abovementioned reversal trades and volumes by the Noticee through dealings in one contract, i.e., 'RPOW15MAR60.00CE' during the investigation period is as follows:-



Adjudicating Officer under Securities and Exchange Board of India Act, 1992

(a) It was found that Noticee executed 1 trade reversal through 2 non-genuine transactions on 23/03/2015 and with same counter party i.e., O.E.Impex Private Limited.

(b) While dealing in the said contract on 23/03/2015, the Noticee, at 14:28:28.487901 hours, entered into a buy trade with counterparty O.E.Impex Private Limited for 2000000 units at Rs.1.4 per unit. At 14:34:11.160317 hours, the Noticee entered into a sell trade with the same counterparty, for 2000000 units at Rs.0.15 per unit.

(c) The Noticee's 2 trades while dealing in the aforesaid contract during the investigation period allegedly generated artificial volume of 4000000 units, which made up 37.26% of total market volume in the said contract during this period.

9. In view of the foregoing, it is alleged that Noticee, by indulging in execution of non-genuine reversal of trades in Stock Options with same entities on the same day, created false and misleading appearance of trading in stock options and thereby violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations, 2003. The text of aforementioned provisions of law are being 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;*

10. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as under:

"***Penalty for fraudulent and unfair trade practices***.

Adjudicating Officer under Securities and Exchange Board of India Act, 1992 M.D

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*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."*

11. In view of the above, Noticee is called upon to show cause as to why an inquiry should not be held against Noticee in terms of Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") read with section 15I of the SEBI Act, and why penalty should not be imposed under section 15HA of the SEBI Act.

12. Noticee's reply, if any, should reach the undersigned at the address given below or through email at mitrajeetd@sebi.gov.in and amitkj@sebi.gov.in within 14 days from the date of receipt of this Notice, failing which it shall be presumed that Noticee has no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of sub-rule (7) of Rule (4) of the Adjudication Rules. Noticee may also indicate whether the Noticee desires a personal hearing in the matter.

**Securities and Exchange Board of India**
**Eastern Regional Office,**
**L&T Chambers, 3rd/5th Floor,**
**16, Camac Street, Kolkata – 700017**

13. Further, Noticee should keep the undersigned informed about the change in its correspondence address, if any, till the conclusion of the proceedings. Noticee should submit a photocopy of their PAN card and contact details viz. Telephone numbers / Fax numbers / e-mail ids and details of contact persons for records.

Mitrajeet Dey

**Mitrajeet Dey**
**Adjudicating Officer**

Adjudicating Officer under Securities and Exchange Board of India Act, 1992

**Enclosures:**

| Annexure | Copy of relevant documents enclosed with this SCN | No. of Pages |
|---|---|---|
| A | Communique dated September 27, 2021 appointing Adjudicating Officer | 03 |
| B | Copy of relevant extracts of the Trade Log of the Noticee | 01 |
| C | Copy of the analysis of the dealings of Noticee in 1 Stock Options contract in which the Noticee allegedly executed reversal trades during the investigation period | 01 |

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By Speed Post A.D./Email

DEPUTY GENERAL MANAGER
ADJUDICATING OFFICER

SEBI/ERO/DM/AK/P/OW/2022/037632/1
12 August, 2022

ULIKE CARRIERS AND FINANCE PRIVATE LIMITED
PAN: AAACU6742L
ADDRESS-1- PRAKASH DEEP BUILDING 2ND FLOOR,
240 - SEVOKE ROAD SILIGURI, WEST BENGAL- 734001
ADDRESS-2- H/389/N,SOMANI MILL COMPOUND,
WORD NO-25,STATION FEEDER ROAD,
SILIGURI,DARJEELING WEST BENGAL-734005
Email Address: rajesh31121972@gmail.com / rajesh1972@gmail.com
Contact No-9641037697

**Sub: Adjudication Proceedings in the matter of dealings in Illiquid Stock Options (ISO) at BSE**

**PART - A**

1. A Show Cause Notice (**SCN**) was earlier issued to you in the matter of dealings in Illiquid Stock Options (ISO) at BSE (Copy placed at **Annexure 1**). The said Adjudication Proceedings are pending before undersigned, to inquire into and adjudge the violations of provisions of Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (**PFUTP Regulations**) and determine whether penalty under Section 15HA of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) is liable to be imposed. Section 15HA of SEBI Act reads as under:

***"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."*

*(Emphasis Supplied)*

PART - B

2. Meanwhile, SEBI has framed the SEBI Settlement Scheme, 2022 pursuant to the Order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal (**Annexure 2**), wherein the following directions were issued to SEBI:

*"17. We are, thus, of the opinion that SEBI should reconsider and seriously give a thought in coming out with a fresh scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. **The terms of settlement should be attractive so that it could attract the noticees / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various ACs.**" (Emphasis Supplied)*

3. In compliance with the above directions of the Hon'ble Securities Appellate Tribunal, SEBI has introduced a onetime settlement scheme called the SEBI 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. The said scheme proposes payment of Settlement Amount as per the details given below:

| S No | Number of Contracts* | Settlement Amount (Rs.) |
|---|---|---|
| 1 | 1-5 | 1,00,000/- |
| 2 | 6-50 | 2,00,000/- |
| 3 | 51 and above | 5,00,000/- base amount + 10,000 per contract |

** You may refer to the relevant Annexure/table of the SCN which contains a summary of the contracts you entered to determine the applicable slab for settlement.*

4. The period of the SEBI Settlement Scheme, 2022 will commence on August 22, 2022 and will close on November 21, 2022, so as to provide an opportunity for settlement to the entities who have executed reversal trades in the stock options

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segment of BSE during the period April 01, 2014 to September 30, 2015, against whom enforcement proceedings have been initiated and are pending. In case you wish to avail the benefit of the said Scheme, you may access the details of the said Scheme, which would be available on the website of SEBI i.e. www.sebi.gov.in, during the said period.

5. Necessary application for settlement may be filed within the validity period of the scheme and payment of the settlement amount shall be made online. Additionally, for any clarification in regard to settlement scheme, you may refer to the FAQs at SEBI website or send email to scheme2022@sebi.gov.in .

6. In case you do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, the adjudication proceedings initiated vide SCN shall stand automatically revived and the proceedings shall continue, from the stage at which the said proceedings were kept pending. In such case, you are advised to file your reply within 14 days of receipt of this Intimation, if not filed earlier.

Mitrajeet Dey

**MITRAJEET DEY**
**ADJUDICATING OFFICER**

Enclosures: 1) Annexure 1 - Show Cause Notice
2) Annexure 2 - Copy of SAT judgment dated May 13, 2022