

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. Order/AN/PR/2024-25/30671-30706]**

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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:

1.	Rajendra D. Shah (PAN: AAFPS1910E)	2.	Harendra D. Shah (PAN: AAFPS1912G)
3.	Dhaval R. Shah (PAN: AALPS8650D)	4.	Shailesh D. Shah (PAN: AAFPS1911F)
5.	Shilpa R. Shah (PAN: AAQPS0181A)	6.	H. D. Shah (HUF) (PAN: AAAHH2698B)
7.	P. D. Shah (HUF) (PAN: AAAHP5494B)	8.	R. D. Shah (HUF) (PAN: AAAHR7330G)
9.	Vaipan Securities Pvt. Ltd. (PAN: AABCV2295C)	10.	S. D. Shah (HUF) (PAN: AABHS0577B)
11.	Pankaj D. Shah (PAN: AAFPS1913H)	12.	Chintan P. Shah (HUF) (PAN: AACHC8656A)
13.	Kamal P. Shah (HUF) PAN: AAHHK6818B)	14.	Hetal C. Shah (PAN: BKNPS8791Q)
15.	Pranlal B. Shah (HUF) (PAN: AADHS8403G)	16.	Neha K. Shah (PAN: BEOPS2709K)
17.	Hemang D. Sheth (PAN: BUHPS8746R)	18.	Rasilaben P. Shah (PAN: ADSPS6987P)
19.	Chandrika Dharmendra Gada (PAN: AULPG7498P)	20.	Vaibhav Nagji Rita (PAN: ATLPR0459E)
21.	Punaiben Manilal Gada (PAN: ATEPG4490R)	22.	Neha Pravin Gada (PAN: AULPG7500L)
23.	Gomtiben Thakarshi Gada (PAN: AULPG7499N)	24.	Shapoor P. Mistry (ARB) (PAN: AAEPM2061M)
25.	Modisons Commercial Pvt Ltd	26.	Nikita N Shah (PAN: AINPS6048K)

	(Modi Realty And Infra Buildcon Private Limited – Pursuant to name change) (PAN: AACCM7785M)		
27.	A V Commodities (PAN: AAZFA4007G)	28.	Commodities V D (PAN: AAGFV7863C)
29.	Amrutbhai Nathabhai Darji (PAN: ANPPD3645N)	30.	Nirshilp Securities Pvt Ltd (Nirshilp Commodities and Trading Private Limited – Pursuant to name change) (PAN: AABCN4361M)
31.	Jambuwalla Capital Services Private Limited (PAN: AACCCJ0642A)	32.	Inventure Growth & Securities Limited (PAN: AAAIC2044K)
33.	Nirpan Securities Pvt. Ltd. (PAN: AAACN1329A)	34.	Dolat Capital Market Pvt. Ltd. (PAN: AAACD1518M)
35.	Vaibhav Stock & Derivatives Broking Pvt. Ltd. (PAN: AABCV8124A)	36.	Keshav Securities Pvt Ltd (PAN: AACCK2279A)

In the matter of trading activities of certain entities in Index options contracts of NIFTY

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## A. BRIEF BACKGROUND

1. Securities and Exchange Board of India ('SEBI') initiated Adjudication Proceedings in respect of Rajendra D. Shah (Noticee 1), Harendra D. Shah (Noticee 2), Dhaval R. Shah (Noticee 3), Shailesh D. Shah (Noticee 4), Shilpa R. Shah (Noticee 5), H. D. Shah (HUF) (Noticee 6), P. D. Shah (HUF) (Noticee 7), R. D. Shah (HUF) (Noticee 8), Vaipan Securities Pvt. Ltd. (Noticee 9), S. D. Shah (HUF) (Noticee 10), Pankaj D. Shah (Noticee 11), Chintan P. Shah (HUF) (Noticee 12), Kamal P. Shah (HUF) (Noticee 13), Hetal C. Shah (Noticee 14), Pranlal B. Shah (HUF) (Noticee 15), Neha K. Shah (Noticee 16), Hemang D.

Sheth (Noticee 17), Rasilaben P. Shah (Noticee 18), Chandrika Dharmendra Gada (Noticee 19), Vaibhav Nagji Rita (Noticee 20), Punaiben Manilal Gada (Noticee 21), Neha Pravin Gada (Noticee 22), Gomtiben Thakarshi Gada (Noticee 23), Shapoor P. Mistry (ARB) (Noticee 24), Modisons Commercial Pvt Ltd (now Modi Realty and Infra Buildcon Private Limited) (Noticee 25), Nikita N Shah (Noticee 26), A V Commodities (Noticee 27), Commodities V D (Noticee 28), Amrutbhai Nathabhai Darji (Noticee 29), Nirshilp Securities Pvt Ltd (currently known as Nirshilp Commodities and Trading Private Limited) ('Noticee 30' / 'Nirshilp'), Jambuwala Capital Services Private Limited (Noticee 31), Inventure Growth & Securities Limited (Noticee 32), Nirpan Securities Pvt. Ltd (Noticee 33), Dolat Capital Market Pvt. Ltd (Noticee 34), Vaibhav Stock & Derivatives Broking Pvt. Ltd (Noticee 35) and Keshav Securities Pvt Ltd (Noticee 36) pursuant to investigation in the matter of trading activities of certain entities in Index options contracts of NIFTY for the period from January 01, 2014 to January 01, 2015 ('IP' / 'investigation period'). The Noticees 1 to 36 are collectively also referred to as 'Noticees', unless the context specifies otherwise.

2. Adjudication proceedings were initiated in respect of the Noticees for the alleged violations of the following provisions:

a) Noticees 1 to 30: Under Section 15HA of the Securities and Exchange Board of India Act, 1992 ('SEBI Act') for alleged violation of Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter also referred to as, 'PFUTP Regulations').

b) Noticees 31 to 36: Under Section 15HA of the Securities and Exchange Board of India Act, 1992 ('SEBI Act') for alleged violation of Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003; and under

Section 15HB of the SEBI Act for alleged violations of clause A (1), (2), (3), (4) and (5) of Code of Conduct as specified in Schedule II under Regulation 9(f) of SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 (hereinafter also referred to as, 'Stock Brokers Regulations').

## **B. APPOINTMENT OF ADJUDICATING OFFICER**

3. Upon being satisfied that there were sufficient grounds to inquire and adjudicate upon the alleged violations of provisions of PFUTP Regulations and Stock Brokers Regulations as stated above, by the Noticees, the Competent Authority of SEBI, in exercise of powers under Section 15-I of the SEBI Act and Rule 3 of SEBI (Procedure For Holding Inquiry And Imposing Penalties) Rules, 1995 ('Adjudication Rules') read with Section 19 of the SEBI Act, appointed Sh. Amit Pradhan as the Adjudicating Officer ('AO') in the matter vide Communique dated June 10, 2021 to inquire under Section 15HA and 15HB of the SEBI Act, the aforesaid alleged violations by the Noticees. Thereafter, pursuant to Sh. Amit Pradhan proceeding on deputation, Ms. Maninder Cheema, Chief General Manager (CGM), SEBI was appointed as the Adjudicating Officer vide Communique dated June 24, 2021. Pursuant to transfer of Ms. Maninder Cheema, Dr. Anitha Anoop, CGM was appointed as the Adjudicating Officer vide Communique dated June 07, 2022. Pursuant to transfer of Dr. Anitha Anoop, undersigned was appointed as Adjudicating Officer vide communique dated September 05, 2022.

## **C. SHOW CAUSE NOTICE, REPLY AND HEARING**

4. A common Show Cause Notice No. EAD5/MC/HP/4766/1-36/2022 dated February 04, 2022 ('SCN') was issued to the Noticees by erstwhile AO, Ms. Maninder Cheema, CGM, SEBI, in terms of Rule 4(1) of the Adjudication Rules read with Section 15-I of the SEBI Act, to show cause as to why an inquiry should not be held against the Noticees and penalty not be imposed against

Noticees 1 to 36 under Section 15HA and against Noticees 31 to 36 under Section 15HB of SEBI Act for the alleged violations.

5. The following was inter alia observed and/or alleged in the SCN :

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**Connection among the Noticees:**

4. It was observed that Noticee 30 along with Noticees 1 to 29 articulated their trading strategy in a way that Noticee 30 always incurs Negative Square off difference and other clients always earn Positive Square off difference.
5. Noticee 30 traded through three trading members i.e., Noticee 33, 34 and 35. These three Noticees are connected to each other and Noticee 30 through common directors. The details of their directors are as follows.

**List of Directors:**

Name of the Entity	Name of Directors
Nirshilp Securities Pvt. Ltd. (Noticee 30)	Rajendra Dolatrai Shah
	Pankaj Dolatrai Shah
	Shailesh Dolatrai Shah
	Nirupama Pankaj Shah
	Shilpa Rajendra Shah
	Purvag Shailesh Shah
	Jigar Pankaj Shah
	Rajul Shailesh Shah
	Harendra Dolatrai Shah
	Harsha Harendra Shah
	Dhaval Rajendra Shah
Vaibhav Pankaj Shah	
Nirpan Securities Pvt. Ltd. (Noticee 33)	Rajendra Dolatrai Shah
	Rajul Shailesh Shah
	Harendra Dolatrai Shah
Dolat Capital Market Pvt. Ltd. (Noticee 34)	Rajendra Dolatrai Shah
	Pankaj Dolatrai Shah
	Harsha Harendra Shah
Vaibhav Stock & Derivatives Broking Pvt. Ltd. (Noticee 35)	Ketan Mansukhlal Doshi
	Vaibhav Pankaj Shah

6. On the basis of information collected from UCC details, off market data and bank statements 3 groups consisting of 12, 7 and 5 connected entities were identified among the Noticees 1 to 29. No connection was observed between remaining 6 Noticees with other 24 Noticees including Noticee 30. UCC details received from the Exchange (NSE), off market details provided by depositories, Bank statement provided by various banks and details from MCA database are placed as **Annexure 2A**, **Annexure 2B**, **Annexure 2C** and **Annexure 2D** respectively.
7. Name and basis of connection of Noticees 1 to 29 is given hereunder:

**Group - 1:**

	Name of the Noticee	Basis of connection
1	RAJENDRA D. SHAH (Noticee 1)	Director of 3 broking Companies – Nirshilp (Noticee 30), Nirpan (Noticee 33) and Dolat (Noticee 34). Common mobile no. 98*****58 with Sr. no. 5, 8 and 11. Bank transaction with Noticee 33, 34, 35, Shailesh Shah (Sr no 4), Nidhi Shah, Dhaval Shah (sr. no 3), Rakesh Shah, Pankaj Shah (Sr no 11), Shilpa Shah (sr no. 5), Vaibhav Shah, Harendra Shah (sr. no 2), Sunil Shah, Vinay Shah, Nirupama Shah Off Market transfer with Noticee 33, 34 and 35 Common address 301-308, 3rd Floor...

	<b>Name of the Noticee</b>	<b>Basis of connection</b>
2	HARENDRA D. SHAH (Noticee 2)	Director of 2 broking Companies – Nirshilp (Noticee 30), Nirpan (Noticee 33) Common mobile number 98*****59 with H D Shah HUF (Sr. No. 6) and Vaipan Securities (Sr. No. 9). Bank transaction with Anil Dhanji Gada, Nirpan sec (Noticee 33), Nirshilp (Noticee 30), Pankaj Shah (Sr. no. 11), Payal shah, Shailesh Shah (Sr. no. 4) and R D Shah (Sr. no. 1) Off Market transfer with Noticee 33, 34 and 35
3	DHAVAL R. SHAH (Noticee 3)	Director in Nirshilp (Noticee 30). Common mobile no 98*****58 with Sr. no. 1, 5 and 8. Bank transactions with Jigar comm and derivatives pvt Ltd, Noticee 33, Noticee 35 and Rajendra Shah (Sr. no. 1) Off Market transfer with Noticee 33, 34 and 35
4	SHAILESH D. SHAH (Noticee 4)	Director in Nirshilp (Noticee 33) Common mobile no 98*****04 with entity S D Shah HUF (sr. no. 10) Bank transactions with Pankaj Shah (sr no 11), Purvag Shah, Harsh Shah, Rahul Shah, Vaibhav Shah, Rajendra Shah (sr no 1), Harendra Shah (sr no 2), Noticee 34, Noticee 33, Noticee 30
5	SHILPA R. SHAH (Noticee 5)	Director in Nirshilp (Noticee 33) Bank transactions with Ankit Shah, Parag Shah, Kalpesh Shah, Rajendra Shah (sr no 1), Rakesh Shah, Tejas Shah, Vinay Shah, Noticee 34, Noticee 33, Noticee 30 Off Market transfer with Noticee 33, 34 and 35
6	H. D. Shah (HUF) (Noticee 6)	Common mobile number 98*****59 with Harendra Shah (Sr. No. 2) and Vaipan Securities (sr. No. 9). Common phone no 65****67 with sr. no. 1,2,5,7,8,9,10 Common phone no 2 65****68 with Sr. no. 2. Common phone no 56****67 with Sr.no. 4 and 11. Bank transaction with Noticee 33, 34 and 35
7	P. D. SHAH (HUF) (Noticee 7)	Common mobile no 98*****57 with entity Pankaj Shah (Sr. no. 11) Bank transaction with Noticee 33, 34 and 35 and Shailesh Shah (Sr. no. 4)
8	R.D. SHAH HUF (Noticee 8)	Common mobile no 98*****58 with Sr. no. 1, 3 and 5 Bank transactions with Noticee 34 and Noticee 33
9	VAIPAN SECURITIES PVT. LTD. (Noticee 9)	Common mobile number 98*****59 with Harendra Shah (Sr. No. 2) and H. D. Shah (HUF) - Sr. No. 6. Bank transactions with Noticee 34 Off Market transfer with Noticee 33, 34 and 35
10	S. D. Shah (HUF) (Noticee 10)	Common mobile no 98*****04 with entity Shailesh Shah (Sr. no. 4) Bank transactions with Noticee 34 and 35
11	PANKAJ D. SHAH (Noticee 11)	Director of 2 broking Companies – Noticee 30, Noticee 34. Common mobile no 98*****57 with entity P. D Shah HUF (Sr. no. 7). Bank transaction with Noticee 33, Noticee 34, Noticee 35, Noticee 30, Shailesh Shah (Sr. No. 4), Rajendra D Shah (Sr No. 1), Vaibhav Shah, Harendra Shah (Sr. No. 2)
12	Nirshilp Securities Pvt. Ltd. (Noticee 30)	Rajendra Shah (Sr no 1), Harendra Shah (sr no 2), Dhaval Shah (sr no 3), Shailesh Shah (sr no 4), Shilpa Shah (sr no 5) and Pankaj Shah (sr no 11) were directors of Noticee 30. They have bank transactions with Noticee 30

**Group - 2:**

<b>Sr. No.</b>	<b>Name of the Noticee</b>	<b>Basis of connection</b>
1	CHINTAN P. SHAH HUF (Noticee 12)	Common email ch****n@ja*****a.com with Sr no 3 and 7. Common mobile no 97*****22 with Sr. no. 6, 3 and 7 Common mobile no 98*****16 with Sr. no. 2,3,4,5 and 7
2	KAMAL P. SHAH HUF (Noticee 13)	Common email k****j@ja*****a.com with Sr. no 4 and 7. Common mobile no 98*****16 with Sr. no 1,3,4,5 and 7
3	HETAL C. SHAH (Noticee 14)	Common email ch****n@ja*****a.com with sr no 3 and 7. Common mobile no 79*****35 with Neha Shah (Sr. no. 4) and Rasilaben Shah (Sr. no. 7) Common mobile no 98*****16 with sr. no 1, 2, 4, 5 and 7 Common mobile no 97*****22 with Sr. no. Chintan Shah HUF (Sr. No. 1), Hemang sheth (Sr. no. 6) and Rasilaben Shah (Sr.no. 7)

4	PRANLAL B. SHAH HUF (Noticee 15)	Common email k****@ja****.com with Sr. no. 2 and 7. Common mobile no 98*****16 with Sr. no. 2, 3, 1, 5 and 7
5	NEHA K. SHAH (Noticee 16)	Common mobile no 79*****35 with Hetal Shah (Sr. no. 3) and Rasilaben Shah (Sr. no. 7) Common mobile no 98*****16 with Sr. no. 2,3,4,1 and 7
6	HEMANG D. SHETH (Noticee 17)	Common mobile no 97*****22 with Sr. no. Chintan Shah HUF (sr. no. 1), Hetal Shah (Sr. no. 3) and Rasilaben Shah (Sr. no. 7)
7	RASILABEN P. SHAH (Noticee 18)	Common email ch****@ja****.com with Sr. no. 1 and 3. Common email k****@ja****.com with Sr. no. 2 and 4. Common mobile no 79*****35 with Hetal Shah (Sr. no. 3) and Neha Shah (Sr. no. 4) Common mobile no 98*****16 with Sr. no. 2, 3, 4, 5 and 1 Common mobile no 97*****22 with Sr. no. Chintan Shah HUF (Sr. no. 1), Hetal Shah (Sr. no. 3) and Hemang Sheth (Sr. no. 6)

**Group – 3:**

Sr. No.	Name of the Noticee	Basis of Connection
1	CHANDRIKA DHARMENDRA GADA (Noticee 19)	Common email in****d@gmail.com with Punaiben Gada (Sr. no. 3) Common mobile no. 98*****44 with Gomtiben Gada (Sr. no. 5) Common mobile no. 98*****99 with Neha Gada (Sr. no. 4) and Punaiben Gada (Sr. no. 3) Transferred funds to Synergy Moneycontrol Pvt Ltd, also fund transfer with Prithvi Finmart Private Ltd. Bank transaction with Veluben Gada and Lata Gada
2	VAIBHAV NAGJI RITA (Noticee 20)	Common email sy*****mo*****ol@gmail.com with Punaiben Gada (Sr. no. 3) The joint account with Nagji Gada Transfer funds to Synergy Moneycontrol Pvt Ltd (SMPL) (now Future Money Control Pvt Ltd). Vaibhav Rita is director in company SMPL. Entity also transferred funds to Prithvi Finmart Private Ltd. Bank transaction with Puniaben Gada (Sr. no. 3) and Gomtiben Gada (Sr. no. 5)
3	PUNAIBEN MANILAL GADA (Noticee 21)	Common email in****d@gmail.com with Chandrika Gada (Sr. no. 1) Common mobile no. 98*****99 with Chandrika Gada (Sr. no. 1) and Neha Gada (Sr. no. 4) Common email sy*****mo*****ol@gmail.com with Vaibhav Nagji Rita (Sr. no. 2) Transferred funds to Synergy Moneycontrol Pvt Ltd. also fund transfer with Prithvi Finmart Private Ltd. Bank transaction with Vaibhav Rita (Sr. no. 2) and Neha Gada (Sr. no. 4)
4	NEHA PRAVIN GADA (Noticee 22)	Common mobile no. 98*****99 with Chandrika Gada (Sr. no. 1) and Punaiben Gada (Sr. no. 3) Transferred funds to Synergy Moneycontrol Pvt Ltd. also fund transfer with Prithvi Finmart Private Ltd Bank transaction with Nagji Rita and Punaiben Gada (Sr. no. 3)
5	GOMTIBEN THAKARSHI GADA (Noticee 23)	Common mobile no. 98*****44 with Chandrika Gada (Sr. no. 1) Transferred funds to Synergy Moneycontrol Pvt Ltd. also fund transfer with Prithvi Finmart Private Ltd. Bank transaction with Vaibhav Rita (Sr. no. 2) and Nagji Rita.

**8. Liquidity of Nifty Options:**

The details of the top 10 most liquid NIFTY Options during the period January 2014 to January 2015 is given below:

Day Date	Expiry Date	Strike Price	Option Type	Traded Quantity
27-11-2014	27-11-2014	8500	CE	86505075
24-12-2014	24-12-2014	8200	PE	83522550
24-12-2014	24-12-2014	8300	CE	81684875
25-09-2014	25-09-2014	8000	CE	78702200
29-01-2015	29-01-2015	8900	CE	78591200
30-10-2014	30-10-2014	8100	PE	73709350
27-03-2014	27-03-2014	6600	PE	72704250
26-06-2014	26-06-2014	7500	PE	69756300
31-07-2014	31-07-2014	7800	CE	67926300
30-10-2014	30-10-2014	8150	CE	65077450

It was observed that compared to the generally liquid NIFTY options market, Noticees 1 to 30 traded in mostly illiquid NIFTY options. Noticees 1 to 30 have traded with each other in 691 contracts during the period January 2014 to January 2015. The details of the same is placed as **Annexure 3**. The average volume of the contracts was 26816.89. Out of the 691 contracts there were 643 contracts, wherein only Noticees 1 to 30 have traded with each other. In the remaining 48 contracts entities other than Noticees 1 to 30 have also traded. The details of 48 contracts where entities other than Noticees 1 to 30 have also traded is placed below:

S. No	Trade Date	Expiry Date	Strike Price	Option Type	Total Volume	Volume contributed by Noticees	% of total volume	Volume contributed by other entities (trades excluding Noticees)	% of total volume
1	05/11/2014	29/01/2015	7350	CE	8375	8350	99.70%	25	0.30%
2	10/03/2014	24/04/2014	5250	CE	9650	9600	99.48%	50	0.52%
3	06/03/2014	24/04/2014	5350	CE	9100	9050	99.45%	50	0.55%
4	14/07/2014	25/09/2014	6750	CE	9100	9050	99.45%	50	0.55%

S. No	Trade Date	Expiry Date	Strike Price	Option Type	Total Volume	Volume contributed by Noticees	% of total volume	Volume contributed by other entities (trades excluding Noticees)	% of total volume
5	11/03/2014	24/04/2014	5300	CE	8300	8250	99.40%	50	0.60%
6	28/02/2014	24/04/2014	5350	CE	5700	5650	99.12%	50	0.88%
7	29/10/2014	27/11/2014	9350	PE	5600	5550	99.11%	50	0.89%
8	22/10/2014	27/11/2014	7150	CE	5250	5200	99.05%	50	0.95%
9	20/10/2014	27/11/2014	6850	CE	4950	4900	98.99%	50	1.01%
10	05/03/2014	27/03/2014	6750	PE	9250	9150	98.92%	100	1.08%
11	25/04/2014	26/06/2014	8050	PE	4300	4250	98.84%	50	1.16%
12	05/03/2014	27/03/2014	6850	PE	8350	8250	98.80%	100	1.20%
13	24/11/2014	27/11/2014	9350	PE	4000	3950	98.75%	50	1.25%
14	16/10/2014	30/10/2014	7050	CE	3550	3500	98.59%	50	1.41%
15	20/10/2014	27/11/2014	7050	CE	6850	6750	98.54%	100	1.46%
16	11/03/2014	24/04/2014	5200	CE	6250	6150	98.40%	100	1.60%
17	05/03/2014	29/05/2014	5400	CE	9200	9050	98.37%	150	1.63%
18	21/11/2014	27/11/2014	7050	CE	1475	1450	98.31%	25	1.69%
19	24/12/2014	24/12/2014	8950	PE	5100	5000	98.04%	100	1.96%
20	11/03/2014	24/04/2014	5350	CE	9050	8800	97.24%	250	2.76%
21	07/02/2014	24/04/2014	5250	CE	3700	3550	95.95%	150	4.05%
22	24/12/2014	24/12/2014	9250	PE	8250	7750	93.94%	500	6.06%
23	24/06/2014	26/06/2014	8100	PE	8600	8050	93.60%	550	6.40%
24	24/06/2014	26/06/2014	8200	PE	5900	5500	93.22%	400	6.78%
25	13/02/2014	27/03/2014	6850	PE	7750	7050	90.97%	700	9.03%
26	28/02/2014	24/04/2014	5300	CE	1050	950	90.48%	100	9.52%
27	24/06/2014	26/06/2014	7950	PE	4650	4200	90.32%	450	9.68%
28	23/12/2014	24/12/2014	8750	PE	6675	6000	89.89%	675	10.11%
29	24/03/2014	24/04/2014	5450	CE	8200	7350	89.63%	850	10.37%
30	12/06/2014	26/06/2014	8200	PE	4050	3450	85.19%	600	14.81%
31	03/03/2014	24/04/2014	5350	CE	11050	9050	81.90%	2000	18.10%
32	11/03/2014	27/03/2014	6750	PE	10950	8650	79.00%	2300	21.00%
33	21/02/2014	27/03/2014	6700	PE	7000	5150	73.57%	1850	26.43%
34	10/06/2014	26/06/2014	7950	PE	750	550	73.33%	200	26.67%
35	06/03/2014	29/05/2014	5450	CE	8100	5600	69.14%	2500	30.86%
36	23/09/2014	25/09/2014	6400	CE	6400	3900	60.94%	2500	39.06%
37	25/06/2014	26/06/2014	7750	PE	7600	4350	57.24%	3250	42.76%
38	07/03/2014	24/04/2014	7050	PE	8650	4650	53.76%	4000	46.24%
39	27/08/2014	30/10/2014	6750	CE	8150	4150	50.92%	4000	49.08%
40	24/06/2014	26/06/2014	7750	PE	9500	4700	49.47%	4800	50.53%
41	09/04/2014	24/04/2014	7600	CE	107000	49500	46.26%	57500	53.74%
42	06/03/2014	24/04/2014	7050	PE	12650	4650	36.76%	8000	63.24%
43	03/03/2014	27/03/2014	6700	PE	26000	5100	19.62%	20900	80.38%
44	22/09/2014	25/09/2014	6400	CE	21950	4050	18.45%	17900	81.55%



S. No	Trade Date	Expiry Date	Strike Price	Option Type	Total Volume	Volume contributed by Noticees	% of total volume	Volume contributed by other entities (trades excluding Noticees)	% of total volume
45	10/02/2014	26/06/2014	6800	PE	25600	4250	16.60%	21350	83.40%
46	18/02/2014	26/02/2014	5200	PE	74050	1550	2.09%	72500	97.91%
47	18/09/2014	25/09/2014	7850	CE	34550	300	0.87%	34250	99.13%
48	15/05/2014	29/05/2014	7500	CE	13958550	9950	0.07%	13948600	99.93%

Thus, it was observed that Noticees 1 to 30 have traded in illiquid NIFTY options during the period January 2014 to January 2015.

9. **Trading by Noticees 1 to 30:**

10. **Group 1 –**

Group 1 entities includes directors of Noticee 30 and entities associated/ connected to them. Trading Analysis of 11 entities other than Noticee 30 is detailed below:

Group 1 entities have entered into 80 contracts worth Rs. 243.27 crore. The group 1 entities have booked profit of Rs. 81.41 crore. These entities have entered into self-trades for 7,51,900 traded quantity. These entities have traded among the group entities or with Noticee 30. Trading details of Group 1 entities is placed below:

Sr. No.	Name of the Noticee	No of Options	Trade Value (Rs.)	Profit / (Loss)	Value of self Trades	Self Trades (Traded)	No. square off	Square off quantity
1	Noticee 1	24	580118957.5	19350443	194072970	172350	57	349650
2	Noticee 2	17	389511805	17888698	142106047.5	119950	43	219700
3	Noticee 3	17	333304572.5	12996140	102519545	93850	38	200600
4	Noticee 4	11	270490383	8819417.5	93414795	91550	24	185600
5	Noticee 5	6	244000185	8843455	69777200	64250	26	161900
6	Noticee 6	5	105940550	6231915	36411545	34600	11	70700
7	Noticee 7	3	161041100	5334840	67988795	68050	17	102000
8	Noticee 8	7	102813735	5418545	36851808	35350	0	0
9	Noticee 9	8	86497211	3451294	28264643	29100	25	58200
10	Noticee 10	5	62472808	3448015	22421033	23150	12	47800
11	Noticee 11	3	96527178	2100343	20292865	19700	9	68800
<b>Total</b>		<b>106</b>	<b>2432718485</b>	<b>93883105.5</b>	<b>814121246.5</b>	<b>751900</b>	<b>262</b>	<b>1464950</b>

a) **Rajendra D Shah (Noticee 1):**

The trading details of Noticee 1 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
24/04/2014	5050	12/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1473.65	9250
		14/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1546.35	5050
		18/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1641.25	4200
		20/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1568.5	9250
	6950	19/02/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	674.45	7750
		21/02/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	770.95	7750
		05/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	550.85	8850
		11/03/2014	NIRSHILP SECURITIES PVT LTD	RAJENDRA D. SHAH	470.15	8850
		19/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	373.05	1100
	7750	10/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1085.25	9050
12/03/2014		NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1199.75	9050	
21/03/2014		RAJENDRA D. SHAH	RAJENDRA D. SHAH	1146.55	9050	
29/05/2014	5150	14/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1355.65	7750
		18/03/2014	NIRSHILP SECURITIES PVT LTD	RAJENDRA D. SHAH	1556.35	7750
		20/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1505.05	7750
	5550	28/02/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT LTD	768.65	6450

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty	
		04/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	860.05	6450	
		10/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1056.25	6450	
		11/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1033.65	9250	
		13/03/2014	NIRSHILP SECURITIES PVT LTD	RAJENDRA D. SHAH	1147.75	9250	
		21/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1092.35	9250	
		7750	13/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1066.4	8950
		18/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1196.75	8950	
		21/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1106.4	8950	
		26/06/2014	5150	21/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT LTD	2118.65
23/05/2014	NIRSHILP SECURITIES PVT. LTD.			RAJENDRA D. SHAH	2276.45	2350	
12/06/2014	RAJENDRA D. SHAH			RAJENDRA D. SHAH	2445.25	2300	
			NIRSHILP SECURITIES PVT LTD	RAJENDRA D. SHAH	2447.1	50	
5250	09/05/2014		RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1479.1	3350	
	13/05/2014		NIRSHILP SECURITIES PVT LTD	RAJENDRA D. SHAH	1895.35	3300	
			NIRSHILP SECURITIES PVT LTD	RAJENDRA D. SHAH	1895.85	50	
	12/06/2014		RAJENDRA D. SHAH	RAJENDRA D. SHAH	2430.25	3300	
			RAJENDRA D. SHAH	RAJENDRA D. SHAH	2428	50	
5450	06/05/2014		NIRSHILP SECURITIES PVT LTD	RAJENDRA D. SHAH	1353.05	3650	
	07/05/2014		RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1242.4	3650	
	12/05/2014		RAJENDRA D. SHAH	RAJENDRA D. SHAH	1503.35	50	
	25/06/2014		RAJENDRA D. SHAH	RAJENDRA D. SHAH	2150.65	3600	
5750	21/04/2014		RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1095.4	4550	
	23/04/2014		NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1210.75	4550	
	25/06/2014		RAJENDRA D. SHAH	RAJENDRA D. SHAH	1807.5	4550	
7750	16/04/2014		NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1035.65	4800	
	21/04/2014		RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	848.1	4800	
	25/06/2014		RAJENDRA D. SHAH	RAJENDRA D. SHAH	163.1	4350	
			BNP PARIBAS ARBITRAGE	RAJENDRA D. SHAH	163.1	450	
			RAJENDRA D. SHAH	OPTIVER INVESTMENT MAURITIUS LTD	163.1	100	
			RAJENDRA D. SHAH	OPTIVER INVESTMENT MAURITIUS LTD	163.1	150	
RAJENDRA D. SHAH	ADROIT FINANCIAL SERVICES PVT LTD		164	200			
8050	10/04/2014		RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT LTD	1104.4	4250	
	16/04/2014		NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1262.45	4250	
	25/04/2014		RAJENDRA D. SHAH	RAJENDRA D. SHAH	1180.25	4250	
31/07/2014	5750	12/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1198.35	50	
		20/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1650.65	50	
		14/07/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1696.5	50	
28/08/2014	6450	30/06/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1146.65	4250	
		02/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1359.75	4250	
		15/07/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1075.25	4250	
		21/08/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1422.85	4250	
	6550	16/06/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1005.25	4950	
		20/06/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1130.85	4950	
		15/07/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1029.25	4950	

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
	6650	21/08/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1370.5	4950
		03/07/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1090.25	4550
		07/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1205.1	4550
		16/07/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	972.35	4550
		21/08/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1273.15	4550
25/09/2014	6550	14/07/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	991.25	5050
		16/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1130.4	5050
		22/09/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1623.5	5050
	8750	21/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1007.45	4950
		23/07/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	860.25	4950
		21/08/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	796.85	4950
30/10/2014	6850	22/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1094.75	8850
		26/08/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1151.65	8850
		13/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1018.35	5000
		16/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1039.25	3850
	7050	18/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	836.35	9450
		20/08/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	972.45	9450
		27/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	916.75	9650
		01/09/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1056.25	9650
		13/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	824.15	6150
		16/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	735.25	200
			RAJENDRA D. SHAH	RAJENDRA D. SHAH	840.35	3300
		8950	12/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1135.85
	18/08/2014		NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1116.65	8450
	13/10/2014		RAJENDRA D. SHAH	RAJENDRA D. SHAH	1063.45	6950
	16/10/2014		RAJENDRA D. SHAH	RAJENDRA D. SHAH	1038.45	1500
	27/11/2014	6950	01/09/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1203.05
02/09/2014			RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1170.75	8250
13/10/2014			RAJENDRA D. SHAH	RAJENDRA D. SHAH	909.55	8250
7250		10/09/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	897.85	9350
		15/09/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	950.75	9350
		16/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	732.65	9350
9350		08/10/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	1470.25	6750
		09/10/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1290.15	6750
		13/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	1398.05	6750
			RAJENDRA D. SHAH	RAJENDRA D. SHAH		

It was observed that Noticee 1 has traded with Noticee 30 or self-trades except for 1 Nifty contract in which he has bought and sold 450 quantity and counter parties were different entities. Noticee 1 has incurred loss in the said transaction. He booked profit of Rs. 193.50 Lakh from these trades. He has entered into self-trades for 172350 traded quantity. Most of the transactions between Noticee 1 and 30 are synchronized trades. All these trades were squared off by them with each other. All the trades were squared off after a gap of few trading days. It was observed that all the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 1 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

- b) **Harendra Shah (Noticee 2):**  
The trading details of Noticee 2 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
26/06/2014	5450	20/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1822.45	2700
		22/05/2014	NIRSHILP SECURITIES PVT LTD	HARENDRA D. SHAH	1903.15	2700
		23/05/2014	NIRSHILP SECURITIES PVT LTD	HARENDRA D. SHAH	1992.65	2700

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty	
		30/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1758.25	2700	
		12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	2215.35	2700	
		25/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	2155.25	2700	
	5550	21/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1363.75	3650	
		23/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT LTD	1326.2	3650	
		24/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	2013.25	3650	
		25/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	2011.35	3650	
	5650	16/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1096.85	4450	
		21/04/2014	NIRSHILP SECURITIES PVT LTD	HARENDRA D. SHAH	1255.65	4450	
		25/04/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	1237.75	4450	
		22/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1695.75	2900	
		30/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT LTD	1573.65	2900	
		12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	1955.45	2850	
				HARENDRA D. SHAH	HARENDRA D. SHAH	1959.1	50
	5750	10/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1114.25	4400	
		16/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1151.35	4400	
		25/04/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	1144.15	4400	
	7950	06/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1138.75	4300	
		07/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1246.45	4300	
		12/05/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	990.4	4250	
			HARENDRA D. SHAH	HARENDRA D. SHAH	991.1	50	
	8150	25/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1257.9	3950	
		29/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1395.8	3950	
		07/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1426.45	3450	
		09/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1337.65	3450	
		12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	486.25	550	
			HARENDRA D. SHAH	HARENDRA D. SHAH	470.1	50	
			HARENDRA D. SHAH	HARENDRA D. SHAH	475.2	850	
			HARENDRA D. SHAH	HARENDRA D. SHAH	470.35	2000	
	25/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	585.45	3950		
31/07/2014	5750	09/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1006.05	4950	
13/05/2014		NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1315.25	50		
				1390.75	50		
				1423.85	50		
14/05/2014		NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1496.35	4800		
30/05/2014		HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1495.15	3350		
10/06/2014		NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1925.75	3350		
12/06/2014		HARENDRA D. SHAH	HARENDRA D. SHAH	1880.45	4950		
			1882.25	3350			
28/08/2014	8350	16/06/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	791.75	6250	
20/06/2014		HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	667.25	6250		
17/07/2014		HARENDRA D. SHAH	HARENDRA D. SHAH	685.45	6250		

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty	
		21/08/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	458	6150	
			HARENDRA D. SHAH	HARENDRA D. SHAH	440	100	
25/09/2014	6400	30/06/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1205.2	4050	
		02/07/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1441.35	4050	
		22/09/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	1741.25	4050	
	8450	14/07/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	941.75	5250	
		16/07/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	766.45	5250	
		22/09/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	295.1	5250	
30/10/2014	6750	18/08/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1150.85	8450	
		20/08/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1256.15	8450	
		29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	1312	50	
			HARENDRA D. SHAH	HARENDRA D. SHAH	1311.75	8400	
	6850	13/08/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	920.85	9250	
		18/08/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1101.25	9250	
		29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	1247	50	
			HARENDRA D. SHAH	HARENDRA D. SHAH	1247.1	9200	
	9050	27/08/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1077.25	9250	
		01/09/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	933.75	9250	
		29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	953	50	
			HARENDRA D. SHAH	HARENDRA D. SHAH	952.45	9200	
	9250	08/09/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	952.75	9050	
		10/09/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1115.05	9050	
		29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	1203	50	
			HARENDRA D. SHAH	HARENDRA D. SHAH	1203.15	9000	
	27/11/2014	7150	08/10/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	720.85	9250
			09/10/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	892.25	5200
10/10/2014			NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	846.15	4050	
29/10/2014			HARENDRA D. SHAH	HARENDRA D. SHAH	933	50	
			HARENDRA D. SHAH	HARENDRA D. SHAH	938	50	
			HARENDRA D. SHAH	HARENDRA D. SHAH	932.3	4000	
			HARENDRA D. SHAH	HARENDRA D. SHAH	937.85	5150	
24/12/2014			7150	16/10/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	741.15
	20/10/2014	NIRSHILP SECURITIES PVT. LTD.		HARENDRA D. SHAH	882	50	
		NIRSHILP SECURITIES PVT. LTD.		HARENDRA D. SHAH	883.75	8300	
	29/10/2014	HARENDRA D. SHAH		HARENDRA D. SHAH	1044	50	
		HARENDRA D. SHAH		HARENDRA D. SHAH	1044.75	8300	
31/12/2015	8600	04/12/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	1060	50	

It is observed from the above table that Noticee 2 is Counter party to either Noticee 30 or entered into self-trades. Most of the trades are synchronized in nature. Noticee 2 has booked profit of Rs. 178.88 Lakh from these trades. He has entered into self-trades for 119950 traded quantity. Most of the transactions between Noticee 2 and 30 are synchronized. All these trades were squared off by them with each other. All the trades were squared off after a gap of few trading days. It was observed that all the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 2 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

c) **Dhavel Shah (Noticee 3):**

The trading details of Noticee 3 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cint_Name	Sell_Cint_Name	Trd_Price	Traded Qty	
29/05/2014	5750	16/04/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	988.45	5050	
		21/04/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1142.35	5050	
	7950	10/04/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	993.35	4800	
		16/04/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1207.75	4800	
		25/04/2014	DHAVAL R. SHAH	DHAVAL R SHAH	1095.1	4800	
26/06/2014	5150	06/05/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R SHAH	1672.35	2950	
		07/05/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	1550.45	2950	
		12/05/2014	DHAVAL R SHAH	DHAVAL R. SHAH	1825.45	2900	
			DHAVAL R SHAH	DHAVAL R. SHAH	1825.45	50	
	5250	21/05/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	2106.75	2350	
		30/05/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	1970.35	2350	
		25/06/2014	DHAVAL R. SHAH	DHAVAL R SHAH	2311.25	2350	
	8050	21/04/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	1131.25	4400	
		23/04/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R SHAH	1162.95	4400	
		25/06/2014	DHAVAL R SHAH	DHAVAL R. SHAH	442.65	4400	
	8200	09/05/2014	NIRSHILP SECURITIES PVT LTD	DHAVAL R. SHAH	1445.25	3450	
			DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	975.25	3400	
			DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	978.35	50	
		12/06/2014	DHAVAL R. SHAH	DHAVAL R SHAH	540.15	700	
					541.1	1100	
					541.65	550	
				542.1	1100		
	28/08/2014	6350	16/06/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	1205.85	4100
			18/06/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1380.45	4100
			20/06/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R SHAH	1330.25	4150
23/06/2014			DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1146.25	4150	
14/07/2014			DHAVAL R SHAH	DHAVAL R. SHAH	1144.35	50	
21/08/2014			DHAVAL R SHAH	DHAVAL R. SHAH	1512.25	50	
8550		30/06/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	912.15	5350	
		03/07/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	730.35	5350	
		17/07/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	872.25	5350	
		21/08/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	675.45	5350	
25/09/2014		6400	17/07/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	1289.15	3900
	21/07/2014		NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1390.85	3900	
	23/09/2014		DHAVAL R. SHAH	DHAVAL R SHAH	1731.5	3900	
	6550	21/07/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1155.35	4300	
		12/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1181.75	4300	
		23/09/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	1587.25	4300	
30/10/2014	6750	27/08/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	1215.85	4150	
		01/09/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1355.15	4150	
		17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	1052.85	4150	
		20/10/2014	DHAVAL R. SHAH	DHAVAL R SHAH	1157.1	4150	

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
	6950	22/08/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	997.85	9350
		25/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1108.25	9350
		17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	880.25	9350
	9050	13/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1262.25	8150
		18/08/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	1102.35	8150
		17/10/2014	DHAVAL R. SHAH	DHAVAL R SHAH	1201.75	8150
	9250	18/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1345.75	7400
		20/08/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1224.75	7400
		17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	1401.55	7400
27/11/2014	7150	11/09/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1002.25	9350
		16/09/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1025.45	9350
		17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	749.65	9350
24/12/2014	7250	08/10/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	682.85	9350
		09/10/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	789.45	4750
		16/10/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	750.85	4600
		20/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	795.45	9350
	9250	13/10/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	1290.65	7750
		14/10/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1169.15	7750
		17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	1305.25	7750

It is observed from the above table that Noticee 3 is Counter party to either Noticee 30 or entered into self-trades. All the trades are synchronized in nature. Noticee 3 has booked Profit in all illiquid NIFTY contracts. Noticee 3 has booked profit of Rs. 129.96 Lakh from these trades. He has entered into self-trades for 93850 traded quantity. Most of the transactions between Noticee 3 and Noticee 30 are synchronised trades. All these trades were squared off by them with each other. All the trades were squared off after a gap of few trading days. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 3 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

d) **Shailesh Shah (Noticee 4):**

The trading details of Noticee 4 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
27/03/2014	6750	20/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	540.25	9150
		03/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	532.25	9150
		11/03/2014	BNP PARIBAS ARBITRAGE	SHAILESH D. SHAH	218.5	250
			BNP PARIBAS ARBITRAGE	SHAILESH D. SHAH	218.5	200
			TCG STOCK BROKING LTD	SHAILESH D. SHAH	218.5	50
			SHAILESH D. SHAH	SHAILESH D. SHAH	218.5	8650
			SHAILESH D. SHAH	TCG STOCK BROKING LTD	225	50
			SHAILESH D. SHAH	BNP PARIBAS ARBITRAGE	225	150
			SHAILESH D. SHAH	BNP PARIBAS ARBITRAGE	225	300
24/04/2014	5350	25/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT LTD	870.55	5650
		28/02/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	998.75	5650
		10/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	1311.25	5650
	5450	19/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	713.35	8250
		21/02/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	824.85	8250
		10/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	1214.35	8250

Expiry Date	Strike Prce	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty	
	7450	13/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT LTD	785.75	9650	
		18/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH SHAH D.	856.15	9650	
		19/03/2014	SHAILESH D. SHAH	SHAILESH SHAH D.	828.15	9650	
	7850	12/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1225.05	8650	
		14/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH SHAH D.	1399.35	8650	
		18/03/2014	SHAILESH D. SHAH	SHAILESH SHAH D.	1294.65	8650	
29/05/2014	5250	14/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1246.35	8750	
		18/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH SHAH D.	1436.05	8750	
		24/03/2014	SHAILESH D. SHAH	SHAILESH SHAH D.	1469.65	8750	
	5350	10/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH SHAH D.	1321.35	8300	
		12/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT LTD	1246.05	8300	
		18/03/2014	SHAILESH D. SHAH	SHAILESH SHAH D.	1242.25	8300	
	5400	28/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	905.25	9050	
			05/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH SHAH D.	1001.1	9000
		19/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH SHAH D.	1002.5	50	
			SHAILESH D. SHAH	SHAILESH SHAH D.	1231.2	450	
		SHAILESH D. SHAH	SHAILESH SHAH D.	1232.8	750		
			SHAILESH SHAH D.	1231.1	750		
			SHAILESH SHAH D.	1231.25	650		
			SHAILESH SHAH D.	1232.1	600		
			SHAILESH SHAH D.	1232.35	850		
			SHAILESH SHAH D.	1232.5	900		
			SHAILESH SHAH D.	1233.05	550		
			SHAILESH SHAH D.	1233.8	750		
		7050	04/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	718.35	7050
			06/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH SHAH D.	735.65	7050
	11/03/2014	SHAILESH D. SHAH	SHAILESH SHAH D.	581.65	7050		
	7300	07/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	666.3	9150	
		11/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH SHAH D.	735.5	9150	
		18/03/2014	SHAILESH D. SHAH	SHAILESH SHAH D.	793.55	9150	
	7650	11/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1006.65	9150	
		13/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH SHAH D.	1104.35	4250	
		14/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH SHAH D.	1158.05	4900	
18/03/2014		SHAILESH D. SHAH	SHAILESH SHAH D.	1068.35	9150		

It is observed from the above table that Noticee 4 has traded with Noticee 30 or entered into self-trades except for 1 Nifty contract in which he has bought and sold 500 quantity and counter parties were different entities for 3 transactions. He has incurred loss in the said transactions. Noticee 4 has booked profit in all contracts where counter party is Noticee 30 except one contract. All trades are synchronized in nature except 4 transactions where the time difference was just above 1 minute. All the transaction with Noticee 30 were squared off with profit except one



transaction which was squared off with loss. Most of the positions were squared off after 3-4 trading days. Noticee 4 has booked profit of Rs. 88.19 Lakh from these trades. He has entered into self trades for 91550 traded quantity. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 4 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

e) **Shilpa Shah (Noticee 5):**

The trading details of Noticee 5 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty	
30/10/2014	6950	12/08/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	752.35	9150	
		14/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	929.9	9150	
		05/09/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	1130.75	7050	
		08/09/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	1269.25	7050	
		28/10/2014	SHILPA R. SHAH	SHILPA R SHAH	1088	5750	
			SHILPA R. SHAH	SHILPA R SHAH	1090	5000	
	8950	22/08/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	922.65	9050	
		25/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	965.15	9050	
		28/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	934	50	
			NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	935	9000	
		29/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	833	50	
			SHILPA R. SHAH	SHILPA R. SHAH	832.15	9000	
		30/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	773.5	50	
			SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	773.15	9000	
	9150	18/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	1265.25	7650	
		20/08/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1121.25	7650	
		27/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	1185.15	8400	
		01/09/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1023.85	8400	
		28/10/2014	SHILPA R SHAH	SHILPA R. SHAH	1088.5	50	
			SHILPA R SHAH	SHILPA R. SHAH	1088	7600	
		29/10/2014	SHILPA R SHAH	SHILPA R. SHAH	1044	50	
	SHILPA R SHAH	SHILPA R. SHAH	1043.75	700			
	27/11/2014	6950	23/09/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	1172.8	8550
			16/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	930.25	3550
			21/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	1086.35	1050
			22/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	1181.1	50
				NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	1182.75	3900
29/10/2014			SHILPA R. SHAH	SHILPA R SHAH	1185	50	
		SHILPA R. SHAH	SHILPA R SHAH	1185.25	8500		
9350		11/09/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	1185.75	8350	
		15/09/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1134.85	8350	
		16/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	1486.15	5550	
		20/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1362	50	
			SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	1361.25	5500	
		28/10/2014	SHILPA R SHAH	SHILPA R. SHAH	1231	50	
			SHILPA R SHAH	SHILPA R. SHAH	1230	8300	
29/10/2014		SHILPA R SHAH	SHILPA R. SHAH	1191	50		

			SHILPA R SHAH	SHILPA R. SHAH	1190.35	5500
24/12/2014	9150	08/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	1224.75	8150
		09/10/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	1012.35	8150
		28/10/2014	SHILPA R. SHAH	SHILPA R SHAH	1041	50
			SHILPA R. SHAH	SHILPA R SHAH	1041.5	8100

Noticee 5 has booked profit in all contracts but incurred loss in two transactions. It is observed from the above table that Noticee 5 is Counter party to either Noticee 30 or entered into self-trades. All the trades are synchronized in nature. Most of the trades were squared off after 3-4 trading days. Noticee 5 has booked profit of Rs. 88.43 Lakh from these trades. Noticee 5 has entered into self-trades for 64250 traded quantity. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 5 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

- f) **H D Shah HUF (Noticee 6):**  
The trading details of Noticee 6 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
27/03/2014	4950	14/02/2014	H D SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1041.2	7150
		18/02/2014	NIRSHILP SECURITIES PVT LTD	H. D. Shah (HUF)	1261.6	7150
		26/02/2014	H. D. Shah (HUF)	H D SHAH HUF	1276.15	7150
24/04/2014	5150	05/03/2014	H. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	1158.25	9150
		07/03/2014	NIRSHILP SECURITIES PVT. LTD.	H D SHAH HUF	1456.35	9150
		10/03/2014	H D SHAH HUF	H. D. Shah (HUF)	1479.25	9150
	10/02/2014	H. D. Shah (HUF)	NIRSHILP SECURITIES PVT LTD	880.35	6200	
	12/02/2014	NIRSHILP SECURITIES PVT. LTD.	H.D.SHAH HUF	1039.1	3750	
	18/02/2014	NIRSHILP SECURITIES PVT. LTD.	H.D.SHAH HUF	1054.6	2450	
	26/02/2014	H.D.SHAH HUF	H. D. Shah (HUF)	1062.45	6200	
29/05/2014	7050	03/03/2014	H.D.SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	694.05	8650
		05/03/2014	NIRSHILP SECURITIES PVT LTD	H D SHAH HUF	753.9	8650
		10/03/2014	H D SHAH HUF	H.D.SHAH HUF	649.05	8650
25/09/2014	6600	05/02/2014	H.D.SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	445.1	4200
		07/02/2014	NIRSHILP SECURITIES PVT. LTD.	H. D. Shah (HUF)	538.75	4200
		06/03/2014	H. D. Shah (HUF)	H.D.SHAH HUF	361.75	500
			H.D.SHAH HUF	H.D.SHAH HUF	350.45	200
			H. D. Shah (HUF)	S. D. SHAH (HUF)	365.5	550
			H. D. Shah (HUF)	S. D. SHAH (HUF)	369.15	200
			S. D. SHAH (HUF)	H.D.SHAH HUF	360.05	750
		06/03/2014	H. D. Shah (HUF)	H.D.SHAH HUF	351.35	200
		10/03/2014	H. D. Shah (HUF)	H.D.SHAH HUF	482.05	1050
			H. D. Shah (HUF)	H.D.SHAH HUF	482.05	1500

Noticee 6 has traded only with Noticee 30, Noticee 10 or entered into self-trades. Almost all trades of Noticee 6 are synchronized with these aforesaid entities or through self-trades. Noticee 6 has booked profit on all the contracts. It has booked profit of Rs. 62.32 Lakh from these trades. It has entered into self-trades for 34600 traded quantity. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 6 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

- g) **P D Shah HUF (Noticee 7):**  
The trading details of Noticee 7 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
27/03/2014	5050	12/02/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	1043.1	6750
		17/02/2014	NIRSHILP SECURITIES PVT. LTD.	P.D.SHAH HUF	1087.65	6750
		28/02/2014	P.D.SHAH HUF	P. D. Shah (HUF)	1176.45	6750
24/04/2014	5050	18/02/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT LTD	1085.25	5750

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty	
		20/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. Shah (HUF)	1207.45	5750	
		06/03/2014	P. D. Shah (HUF)	P. D. Shah (HUF)	1398.5	5750	
	5150	20/02/2014	P.D.SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	994.75	9050	
		25/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. Shah (HUF)	1195.3	5700	
		26/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. Shah (HUF)	1184.05	3350	
		06/03/2014	P. D. Shah (HUF)	P.D.SHAH HUF	1299.25	9050	
	5350	11/02/2014	P.D.SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	728.25	9050	
		13/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. Shah (HUF)	809.35	9050	
		03/03/2014	P. D. Shah (HUF)	P.D.SHAH HUF	919.35	9050	
		04/03/2014	P. D. Shah (HUF)	P.D.SHAH HUF	990.65	9050	
						1047.05	1400
						1048.05	1450
						1049.05	1250
						1047.05	2850
		06/03/2014	P.D.SHAH HUF	P. D. Shah (HUF)	1047.05	2100	
		6750	17/02/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT LTD	554.6	8750
	19/02/2014		NIRSHILP SECURITIES PVT. LTD.	P.D.SHAH HUF	597.35	8750	
	06/03/2014		P.D.SHAH HUF	P. D. Shah (HUF)	377.65	8750	
29/05/2014	5250	04/03/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT LTD	1047.65	6350	
		06/03/2014	NIRSHILP SECURITIES PVT. LTD.	P.D.SHAH HUF	1234.6	6350	
		10/03/2014	P.D.SHAH HUF	P. D. Shah (HUF)	1290.05	6350	
26/06/2014	6800	06/02/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	687.1	4250	
		10/02/2014	NIRSHILP SECURITIES PVT LTD	P. D. Shah (HUF)	748.05	4250	
		04/03/2014	P. D. Shah (HUF)	P. D. Shah (HUF)	467.45	4250	
25/09/2014	6700	25/02/2014	P. D. Shah (HUF)	S. D. SHAH (HUF)	532.35	1050	
			NIRSHILP SECURITIES PVT LTD	P. D. Shah (HUF)	532.35	1050	

Noticee 7 has traded only with Noticee 30, Noticee 10 or entered into self-trades. All trades of Noticee 7 are synchronized with these aforesaid two entities or through self-trades. Noticee 7 has booked profit on all the transactions. Noticee 7 has booked profit of Rs.53.35 Lakh from these trades. It has entered into self-trades for 68050 traded quantity. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 7 booked profit and Noticee 30 booked a loss. Thus, the trades were non genuine and fictitious.

h) **R D Shah HUF (Noticee 8):**

The trading details of entity R D Shah HUF in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty	
27/03/2014	6700	03/03/2014	IKM INVESTOR SERVICES LTD.	R. D. SHAH (HUF)	410.25	50	
			NIRSHILP SECURITIES PVT. LTD.	R. D. SHAH (HUF)	411	5100	
	5250	07/02/2014	NIRSHILP SECURITIES PVT. LTD.	R.D.SHAH HUF	958.35	3550	
		28/02/2014	R.D.SHAH HUF	R. D. SHAH (HUF)	1105.25	3550	
		18/02/2014	NIRSHILP SECURITIES PVT. LTD.	R. D. SHAH (HUF)	945.85	8250	
	24/04/2014	5300	28/02/2014	R. D. SHAH (HUF)	R.D.SHAH HUF	1003.05	950
						1092.1	1300
						1093.25	1350
				1093.35	850		
		06/03/2014	R. D. SHAH (HUF)	R.D.SHAH HUF	1093.5	1000	

Expiry Date	Strike_Prc	Trade_Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
	6850				1092.75	1450
					1092.6	1250
		18/03/2014	IKM INVESTOR SERVICES LTD.	R.D.SHAH HUF	1286.7	50
		21/03/2014	PACE STOCK BROKING SERVICES PVT LTD	R.D.SHAH HUF	1258.6	50
		12/02/2014	NIRSHILP SECURITIES PVT LTD	R. D. SHAH (HUF)	739.1	4150
		13/02/2014	NIRSHILP SECURITIES PVT. LTD.	R.D.SHAH HUF	784.8	1000
		03/03/2014	R. D. SHAH (HUF)	R. D. SHAH (HUF)	531.5	4150
		06/03/2014	R.D.SHAH HUF	R. D. SHAH (HUF)	470.1	1000
		05/03/2014	NIRSHILP SECURITIES PVT LTD	R. D. SHAH (HUF)	1104.75	9150
		10/03/2014	R. D. SHAH (HUF)	R.D.SHAH HUF	1329.65	9150
29/05/2014	7250	07/03/2014	NIRSHILP SECURITIES PVT. LTD.	R. D. SHAH (HUF)	834.65	9350
		10/03/2014	R. D. SHAH (HUF)	R. D. SHAH (HUF)	990.85	9350

Noticee 8 has traded mostly with Noticee 30 or through self-trades. All the trades of Noticee 8 with Noticee 30 are synchronized in nature. Noticee 8 has entered into self-trades for 35350 traded quantity. All the trades were executed in illiquid contracts and squared off by entering self-trades. Thus, it is alleged that the trades were non genuine and fictitious.

- j) **Vaipan Securities Pvt. Ltd. (Noticee 9):**  
The trading details of Noticee 9 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty	
27/11/2014	7250	08/10/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	627.45	7900	
		09/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	746.85	450	
		10/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	741.65	7450	
		26/11/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1209	50	
			VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1200.5	50	
			VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1208.5	400	
		26/11/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1200.25	7400	
		13/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1015.85	4850	
			14/10/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	824.65	4850
			26/11/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	350.5	50
		26/11/2014	8850	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	350.1	4800
			13/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	1140.5	1000
				VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	1140.05	1200
		NIRSHILP SECURITIES PVT. LTD.		VAIPAN SECURITIES PVT. LTD.	1345	50	
		03/12/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1347.15	2150	
VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.		1092.5	50			
12/12/2014	VAIPAN SECURITIES PVT. LTD.		VAIPAN SECURITIES PVT. LTD.	1092	2150		
03/12/2014	7250	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	1192.5	50		
		VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	1192.25	4100		
		NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1241	50		
		NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1241.55	4100		
		VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	916	50		
		24/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	916.5	4100	
24/12/2014	7350	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1003	50		
		NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1003.75	2400		
		10/11/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1003.75	2400	

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty		
	9050	12/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	964	50		
			VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	963.15	2400		
			VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	906.5	50		
		12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	907	2400		
			09/10/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	940.75	1250	
			10/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1085.3	1250	
		12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	692.5	50		
			VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	693	1200		
			16/10/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	1352.65	3650	
		9350	17/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1492.5	3650	
			24/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1098	50	
				VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1098.75	3600	
		29/01/2015	7450	10/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	946	50
					VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	945.25	2600
				13/11/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	1009.5	25
NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.				1009.15	2625		
29/01/2015	VAIPAN SECURITIES PVT. LTD.			VAIPAN SECURITIES PVT. LTD.	1425	2625		
	VAIPAN SECURITIES PVT. LTD.			VAIPAN SECURITIES PVT. LTD.	1426.5	25		

Noticee 9 has traded only with Noticee 30 or entered into self-trades. All the trades of Noticee 9 are synchronized with Noticee 30 or through self-trades. Noticee 9 has booked profit of Rs. 34.51 Lakh from these trades. It has entered into self-trades for 29100 traded quantity. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 9 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

j) **S D Shah HUF (Noticee 10):**

The trading details of Noticee 10 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
27/03/2014	6850	11/02/2014	S. D. SHAH (HUF)	NIRSHILP SECURITIES PVT LTD	651.65	8250
		13/02/2014	NIRSHILP SECURITIES PVT. LTD.	S. D. SHAH (HUF)	804.75	7050
		17/02/2014	NIRSHILP SECURITIES PVT. LTD.	S. D. SHAH (HUF)	790.25	1200
		03/03/2014	S. D. SHAH (HUF)	S. D. SHAH (HUF)	588.05	8250
24/04/2014	5050	06/02/2014	S. D. SHAH (HUF)	NIRSHILP SECURITIES PVT. LTD.	945.1	6050
		11/02/2014	NIRSHILP SECURITIES PVT. LTD.	S. D. SHAH (HUF)	1167.1	6050
		06/03/2014	S. D. SHAH (HUF)	S. D. SHAH (HUF)	1323.05	500
			S. D. SHAH (HUF)	S. D. SHAH (HUF)	1358.5	4300
	5250	13/02/2014	S. D. SHAH (HUF)	NIRSHILP SECURITIES PVT. LTD.	821.1	7800
			NIRSHILP SECURITIES PVT. LTD.	S. D. SHAH (HUF)	927.35	7800
		04/03/2014	S. D. SHAH (HUF)	S. D. SHAH (HUF)	1138.85	7800
			S. D. SHAH (HUF)	S. D. SHAH (HUF)	1362.05	500
25/09/2014	6600	06/03/2014	H. D. Shah (HUF)	S. D. SHAH (HUF)	365.5	550
			H. D. Shah (HUF)	S. D. SHAH (HUF)	369.15	200
			S. D. SHAH (HUF)	H.D.SHAH HUF	360.05	750
	6700	21/02/2014	S. D. SHAH (HUF)	NIRSHILP SECURITIES PVT. LTD.	507.9	1050
		25/02/2014	P. D. SHAH (HUF)	S. D. SHAH (HUF)	532.35	1050
		06/03/2014	S. D. SHAH (HUF)	S. D. SHAH (HUF)	448.05	1050

Noticee 10 has traded only with Noticee 30, Noticee 6 and Noticee 7. All the trades of Noticee 10 are synchronized with aforesaid three entities or were self-trades. Noticee 10 has booked profit on all the contracts. It has booked profit of Rs 34.48 Lakh from these trades. It has entered into self-trades for 23150 traded quantity. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 10 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

k) **Pankaj Shah (Noticee 11):**

The trading details of Noticee 11 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
24/04/ 2014	5150	13/03/2014	PANKAJ D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1411.05	8250
		18/03/2014	NIRSHILP SECURITIES PVT. LTD.	PANKAJ D. SHAH	1514.1	8250
		21/03/2014	PANKAJ D. SHAH	PANKAJ D. SHAH	1390.15	8250
	5450	12/03/2014	PANKAJ D. SHAH	NIRSHILP SECURITIES PVT. LTD.	1066.35	9750
		14/03/2014	NIRSHILP SECURITIES PVT LTD	PANKAJ D. SHAH	1132.95	4700
		18/03/2014	NIRSHILP SECURITIES PVT LTD	PANKAJ D. SHAH	1207.35	5050
		20/03/2014	COMMODITIES V D	PANKAJ D. SHAH	1089.05	7350
		21/03/2014	PANKAJ D. SHAH	NIRSHILP SECURITIES PVT LTD	1086.25	7350
		25/03/2014	PANKAJ D. SHAH	PANKAJ D. SHAH	1168.55	2400
	7350	14/03/2014	PANKAJ D. SHAH	NIRSHILP SECURITIES PVT. LTD.	778.45	9050
		19/03/2014	NIRSHILP SECURITIES PVT. LTD.	PANKAJ D. SHAH	801.05	9050
		24/03/2014	PANKAJ D. SHAH	PANKAJ D. SHAH	665.15	9050

Noticee 11 has booked profit in all contracts. Counter party of Noticee 11 for all contracts was Noticee 30 or he has entered into self-trades except in one transaction with entity Commodities V D. All his trades are synchronized in nature. He has booked profit of Rs. 21 Lakh from these trades. He has entered into self-trades for 19700 traded quantity. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 11 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

- It was observed that the entities of group 1 were trading with each other through synchronized trades in illiquid options. All the 11 entities (Noticees 1 to 11) have entered into self-trades. It is alleged that there was a predetermined arrangement to squared off the trades and book profits and losses respectively. Therefore, it is alleged that the above trading behaviour demonstrates that Noticees 1 to 11 and Noticee 30 were not trading in the normal sense and ordinary course, hence, the trades are not genuine trades.
- In view of the above, it is alleged that Noticee 11 have allegedly violated Section 12A(a)(b)(c) of SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations.
- Group 2 -**

Group 2 entities have entered into 39 contracts worth Rs. 17.77 crore. The group 2 entities have booked profit of Rs. 73.99 Lakhs. Mostly the group entities have traded with Noticee 30 through synchronized trades and the trades were squared off after few days.

**Trading details of Group 2 entities is placed below:**

Sr. No.	Name of the	No	of	Trade Value	Profit /	Value of	Self	Trades	No. of square	Square	off
1	Noticee 12	5		31420617.5	1120228	0	0	0	12		26400
2	Noticee 13	5		31420618	1120228	0	0	0	12		26400
3	Noticee 14	6		20452163	1091713	0	0	0	12		20000
4	Noticee 15	6		20452165	1091615	0	0	0	16		20000
5	Noticee 16	8		23427563	1087763	0	0	0	17		27000
6	Noticee 17	3		30409733	954322.5	0	0	0	9		27150
7	Noticee 18	6		20153825	933425	0	0	0	12		24000
	<b>TOTAL</b>	<b>39</b>		<b>177736685</b>	<b>7399294.5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90</b>		<b>170950</b>

- a) **CHINTAN P. SHAH HUF (Noticee 12):**  
The trading details of Noticee 12 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
27/11/2014	6650	20/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	1351.85	2500
		21/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1284.35	2500
	6750	16/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	1217.05	2200
		17/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1011.85	2200
	8950	20/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	952.35	2500
		21/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	1014.55	2500
24/12/2014	6650	28/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	1522.6	1750
		29/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1455.75	1750
	6850	16/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1067.45	2500
		17/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	1080.7	2500
		28/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1209.25	1750
		29/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	1320.35	1750

Noticee 12 has traded in 5 Nifty Options contracts, of which its trades were matched with Noticee 30 in all the contracts. It has booked Positive Square off difference in all the 5 contracts amounting to Rs.11.20 lakh. Most of the transactions between Noticee 12 and Noticee 30 are synchronized in nature. All these trades were squared off by them with each other. All the trades were squared off after a gap of 1 trading day. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 12 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

b) **KAMAL P. SHAH HUF (Noticee 13):**

The trading details of Noticee 13 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
27/11/2014	6650	20/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	1351.85	2500
		21/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1284.35	2500
	6750	16/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	1217.05	2200
		17/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1011.85	2200
	8950	20/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	952.35	2500
		21/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	1014.55	2500
24/12/2014	6650	28/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	1522.6	1750
		29/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1455.75	1750
	6850	16/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1067.45	2500
		17/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	1080.7	2500
	28/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1209.25	1750	
	29/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	1320.35	1750	

Noticee 13 has traded in 5 Nifty Options contracts, of which its trades were matched with Noticee 30 in all the contracts. It has booked Positive Square off difference in all the 5 contracts amounting to Rs.11.20 lakh. Most of the transactions between Noticee 13 and Noticee 30 were synchronized in nature. All these trades were squared off by them with each other. All the trades were squared off after a gap of 1 trading day. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 13 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

c) **HETAL C. SHAH (Noticee 14):**

The trading details of Noticee 14 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
27/11/2014	8950	16/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	1095.45	1250
		17/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	1055.15	1250
	9050	13/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	1152.65	2500
		14/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	1053.75	2500
24/12/2014	6650	28/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	1522.6	750
		29/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	1455.75	750
	6850	28/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	1209.25	750
		29/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	1320.35	750
	8750	16/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	731.75	1250
		17/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	912.35	1250
	8850	13/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	803.85	3500
		14/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	928.1	3500

Noticee 14 has traded in 5 Nifty Options contracts, of which his trades were matched with Noticee 30 in all the contracts. Noticee 14 has booked Positive Square off difference in all the 5 contracts amounting to Rs.10.92 lakh. Most of the transactions between Noticee 14 and Noticee 30 were synchronized trades. All these trades were squared off by them with each other. All the trades were squared off after a gap of 1 trading day. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 14 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

d) **PRANLAL B. SHAH HUF (Noticee 15):**

The trading details of Noticee 15 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
27/11/2014	8950	16/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	1095.45	1250
		17/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1055.15	1250
	9050	13/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	1152.65	2500
		14/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1053.75	2500
24/12/2014	6650	28/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	1522	50

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
	6850	29/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	1522.6	700
			PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1456	50
			PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1455.75	700
		28/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1210	50
			PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	1209.25	700
			NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	1320	50
	8750	29/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	1320.35	700
			PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	731.75	1250
		17/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	912.35	1250
	8850	13/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	803.85	3500
		14/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	928.1	3500

Noticee 15 has traded in 6 Nifty Options contracts, of which its trades were matched with Noticee 15 in all the contracts. Noticee 15 has booked Positive Square off difference in all the 6 contracts amounting to Rs.10.92 lakh. All the transactions between Noticee 15 and Noticee 30 were synchronized trades. All these trades were squared off by them with each other. All the trades were squared off after a gap of 1 trading day. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 15 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

e) **NEHA K. SHAH (Noticee 16):**

The trading details of Noticee 16 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
27/11/2014	6850	13/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	1078.45	1500
		14/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	1017.65	1500
		13/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	586.75	2500
		14/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	741.35	2350
	7250	20/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	737.35	150
		16/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	1095.45	2000
			NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	1055.15	2000
		8950	28/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	1522.6
	29/10/2014		NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	1455.75	250
	28/10/2014		NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	1209.25	250
	29/10/2014		NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	1320.35	250
	7350	09/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	685.25	2500
10/10/2014		NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	712.1	2500	
16/10/2014		NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	731.75	2000	
17/10/2014		NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	912.35	2000	
8750	09/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	912.25	2500	
		NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	889.35	2500	
	10/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	889.35	2500	

Noticee 16 has traded in 8 Nifty Options contracts, of which her trades were matched with Noticee 16 in all the contracts. She has booked Positive Square off difference in all the 8 contracts amounting to Rs.10.88 lakh. Most of the transactions between Noticee 16 and Noticee 30 are synchronized trades. All these trades were squared off by them with each other. All the trades were squared off after a gap of 1 trading day except 1 trade for 150 trade quantity which was squared off after a gap of 5-6 days. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 16 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

f) **HEMANG D. SHETH (Noticee 17):**

The trading details of Noticee 17 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
24/12/2014	6750	21/10/2014	HEMANG D. SHETH	NIRSHILP SECURITIES PVT. LTD.	1220.15	1050
					1220.15	3000
		22/10/2014	NIRSHILP SECURITIES PVT. LTD.	HEMANG D. SHETH	1390.25	4050



Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
	6950	21/10/2014	NIRSHILP SECURITIES PVT. LTD.	HEMANG D. SHETH	1130.85	1400
					1130.85	3000
	22/10/2014	HEMANG D. SHETH	NIRSHILP SECURITIES PVT. LTD.	1089.65	4400	
	9050	21/10/2014	HEMANG D. SHETH	NIRSHILP SECURITIES PVT. LTD.	969.25	2150
				969.25	3000	
		22/10/2014	NIRSHILP SECURITIES PVT. LTD.	HEMANG D. SHETH	995.25	5100

Noticee 17 has traded in 28 Nifty options contracts of which his trades were matched with Noticee 30 in 3 contracts. Even though trades of only 3 contracts of Noticee 17 were matched with Noticee 30, it accounted significant proportion of total traded value of Noticee 17 in Nifty Options. He has booked Positive Square off difference of Rs.9.54 lacs in the said 3 contracts. All the transactions between Noticee 17 and Noticee 30 were synchronized trades. All these trades were squared off by them with each other. All the trades were squared off after a gap of 1 trading day. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 17 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

g) **RASILABEN P. SHAH (Noticee 18):**

The trading details of Noticee 18 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
27/11/2014	6850	13/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	1078.45	1500
		14/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	1017.65	1500
	7250	13/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	586.75	2500
		14/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	741.35	2500
	8950	16/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	1095.45	1500
		17/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	1055.15	1500
24/12/2014	7350	09/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	685.25	2500
		10/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	712.1	2500
	8750	16/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	731.75	1500
		17/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	912.35	1500
	8950	09/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	912.25	2500
		10/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	889.35	2500

Noticee 18 has traded in 6 Nifty Options contracts, of which her trades were matched with Noticee 30 in all the contracts. She has booked Positive Square off difference in all the 6 contracts amounting to Rs. 9.33 lakh. Most of the transactions between Noticee 18 and Noticee 30 are synchronized trades. All these trades were squared off by them with each other. All the trades were squared off after a gap of 1 trading day. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 18 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

14. It was observed that the entities of group 2 were trading with Noticee 30 through synchronized trades. It is alleged that there was a predetermined arrangement to square off the trades in illiquid options and book profits and losses respectively. From the aforesaid trading behavior, it is alleged that the entities of group 2 and Noticee 30 were not trading in the normal sense and ordinary course, hence, the trades are not genuine trades.
15. In view of the above, it is alleged that Noticees 12 to 18 have violated Section 12A(a), (b), (c) of SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations.
16. **Group 3 -**  
Group 3 entities have entered into 6 contracts worth Rs. 6.12 crore. The group 3 entities have booked profit of Rs. 41.82 Lakh. These entities have traded only with Noticee 30 which is a connected /associated connected entity of group 1 entities.

**Trading details of Group 3 entities is placed below:**

Sr.	Noticee	No of	Trade Value	Profit /	Value of	Self	No. of square	Square off
1	Noticee 19	1	12118365	1368500	0	0	2	11900
2	Noticee 20	2	22033723	1042973	0	0	4	23500
3	Noticee 21	1	15915130	939565	0	0	2	12100
4	Noticee 22	1	6008498	599153	0	0	2	9300
5	Noticee 23	1	5121945	231770	0	0	2	4300
	<b>TOTAL</b>	<b>6</b>	<b>61197661</b>	<b>4181961</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>61100</b>

a) **CHANDRIKA DHARMENDRA GADA (Noticee 19):**

The trading details of Noticee 19 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
24/04/2014	5450 (CE)	06/03/2014	CHANDRIKA DHARMENDRA GADA	NIRSHILP SECURITIES PVT. LTD.	903.35	5950
		07/03/2014	NIRSHILP SECURITIES PVT. LTD.	CHANDRIKA DHARMENDRA GADA	1133.35	5950

Noticee 19 has traded in only one Nifty Option contract (CE) and has booked Positive Square off difference of Rs.13.68 lacs.

Comparison with the Market:

Date	NIFTY Closing Price	Trade Price for most liquid (CE 6600) contract (March 2014)...in Rs	Trade Price for most liquid (PE 6500) contract (March 2014)...in Rs
04-Mar-14	6,297.95	5.90	180.45
05-Mar-14	6,328.65	5.55	164.40
06-Mar-14	6,401.15	15.75	110.55
07-Mar-14	6,526.65	63.45	67.70
10-Mar-14	6,537.25	69.85	59.45

During March 06, 2014 and March 7, 2014 NIFTY closing price has moved from Rs. 6401.15 to Rs. 6526.65 (i.e. increased by Rs. 125.50). During the same period the trade price most liquid NIFTY options contract (CE 6600) has moved from Rs. 15.75 to 63.45 (i.e. increased by Rs. 47.70). However, it is observed that the trade price trade between Noticee 19 and Noticee 30 has increased from 903.35 to 1133.35 (increased by Rs. 230). Thus, it is alleged that these trades were not executed in normal course of buying and selling on exchange platform, these trades executed as per prior arrangements made by the parties in which one party i.e. Noticee 30 was making losses and other party was booking profit. Further, both trades (buy and sell) were synchronized trades. Trades were squared off by them with each other after a gap of 1 trading day. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 19 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

b) **VAIBHAV NAGJI RITA (Noticee 20):**

The trading details of Noticee 20 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
29/05/2014	5450 (CE)	04/03/2014	VAIBHAV NAGJI RITA	NIRSHILP SECURITIES PVT. LTD.	874.25	5600
		06/03/2014	NIRSHILP SECURITIES PVT LTD	VAIBHAV NAGJI RITA	1011.35	5600
	7350 (PE)	05/03/2014	VAIBHAV NAGJI RITA	NIRSHILP SECURITIES PVT. LTD.	910.5	6150
		07/03/2014	NIRSHILP SECURITIES PVT. LTD.	VAIBHAV NAGJI RITA	955.25	6150

Noticee 20 has traded in 2 Nifty Options contracts and has booked Positive Square off difference in both the contacts amounting to Rs.10.43 lacs.

Comparison with the Market:

Date	NIFTY Closing Price	Trade Price for most liquid (CE 6600) contract (March 2014) in Rs	Trade Price for most liquid (PE 6500) contract (March 2014) in Rs
04-Mar-14	6,297.95	5.90	180.45
05-Mar-14	6,328.65	5.55	164.40
06-Mar-14	6,401.15	15.75	110.55
07-Mar-14	6,526.65	63.45	67.70
10-Mar-14	6,537.25	69.85	59.45

During March 05, 2014 and March 7, 2014 NIFTY closing price has increased from Rs. 6,328.65 to Rs. 6,526.65 (i.e. increased by Rs. 198). During the same period the trade price most liquid NIFTY options contract (PE 6500) has decreased from Rs. 164.40 to 67.70 (i.e. increased by Rs. 96.7). However, it is observed that the trade price trade between Noticee 20 and Noticee 30 has increased from 910.50 to 955.25 (increased by Rs. 44.75). Thus, it is alleged that these trades were not in sync with the market movement. Further, all the trades (buy and sell) were synchronized trades. Trades were squared off by them with each other after a gap of 2 trading days. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 20 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

c) **PUNAIBEN MANILAL GADA (Noticee 21):**

The trading details of Noticee 21 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
24/04/2014	5250 (CE)	07/03/2014	PUNAIBEN MANILAL GADA	NIRSHILP SECURITIES PVT. LTD.	1237.65	6050
		10/03/2014	NIRSHILP SECURITIES PVT LTD	PUNAIBEN MANILAL GADA	1392.95	6050

Noticee 21 has traded in only 1 Nifty Option contract. In one contract Noticee 21 has booked Positive Square off difference of Rs.9.40 lacs.

Comparison with the Market:

Date	NIFTY Closing Price	Trade Price for most liquid (CE 6600) contract (March 2014) in Rs	Trade Price for most liquid (PE 6500) contract (March 2014) in Rs
04-Mar-14	6,297.95	5.90	180.45
05-Mar-14	6,328.65	5.55	164.40
06-Mar-14	6,401.15	15.75	110.55
07-Mar-14	6,526.65	63.45	67.70
10-Mar-14	6,537.25	69.85	59.45

During March 07, 2014 and March 10, 2014 NIFTY closing price has moved from Rs. 6,526.65 to Rs. 6,537.25 (i.e. increased by Rs. 10.60). During the same period the trade price most liquid NIFTY options contract (CE 6600) has moved from Rs. 63.45 to 69.85 (i.e. increased by Rs. 6.40). However, it is observed that the trade price trade between Noticee 21 and Noticee 30 has increased from Rs.1237.65 to Rs.1392.95 (increased by Rs. 155.30). Thus, it is alleged that these trades were not in sync with the market movement. Both trades (buy and sell) were synchronized trades. Trades were squared off by them with each other after a gap of 1 trading day. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 21 booked profit in all the contracts and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

d) **NEHA PRAVIN GADA (Noticee 22):**

The trading details of Noticee 22 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
24/04/2014	7050 (PE)	06/03/2014	NEHA PRAVIN GADA	NIRSHILP SECURITIES PVT LTD	581.65	4650

		07/03/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA PRAVIN GADA	710.5	4650
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Noticee 22 has traded in only 1 contract and has booked positive square off difference Rs.5.99 lacs.

Comparison with the Market:

Date	NIFTY Closing Price	Trade Price for most liquid (CE 6600) contract (March 2014) in Rs	Trade Price for most liquid (PE 6500) contract (March 2014) in Rs
04-Mar-14	6,297.95	5.90	180.45
05-Mar-14	6,328.65	5.55	164.40
06-Mar-14	6,401.15	15.75	110.55
07-Mar-14	6,526.65	63.45	67.70
10-Mar-14	6,537.25	69.85	59.45

During March 06, 2014 and March 7, 2014 NIFTY closing price has moved from Rs. 6401.15 to Rs. 6,526.65 (i.e. increased by Rs. 125.50). During the same period the trade price most liquid NIFTY options contract (PE 6500) has decreased from Rs.110.55 to Rs.67.70 (i.e. decreased by Rs. 42.85). However, it is observed that the trade price trade between Noticee 22 and Noticee 30 has increased from Rs.581.65 to Rs.710.50 (increased by Rs.128.85). Thus, it is alleged that these trades were not in sync with the market movement. Both trades (buy and sell) were synchronized trades. Trades were squared off by them with each other after a gap of 1 trading day. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 22 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

e) **GOMTIBEN THAKARSHI GADA (Noticee 23):**

The trading details of Noticee 23 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
29/05/2014	5450 (CE)	12/03/2014	GOMTIBEN THAKARSHI GADA	NIRSHILP SECURITIES PVT LTD	1137.25	2150
		19/03/2014	NIRSHILP SECURITIES PVT. LTD.	GOMTIBEN THAKARSHI GADA	1245.05	2150

Noticee 23 has traded in 1 Nifty Option contract and has booked Positive Square off difference of Rs.2.32 lacs.

Comparison with the Market:

Date	NIFTY Closing Price	Trade Price for most liquid (CE 6600) contract (March 2014) in Rs.	Trade Price for most liquid (PE 6500) contract (March 2014) in Rs.
12-Mar-14	6,516.90	51.05	55.15
13-Mar-14	6,493.10	36.75	63.05
14-Mar-14	6,504.20	36.70	47.50
18-Mar-14	6,516.65	31.95	36.80
19-Mar-14	6,524.05	29.10	31.95

During March 12, 2014 and March 19, 2014 NIFTY closing price has moved from Rs. 6,516.90 to Rs. 6,524.05 (i.e. increased by Rs.7.15). During the same period the trade price most liquid NIFTY options contract (CE 6600) has decreased from Rs.51.05 to Rs.29.10 (i.e. decreased by Rs.21.95). However, it is observed that the trade price trade between Noticee 23 and Noticee 30 has increased from Rs.1137.25 to Rs.1245.05 (increased by Rs.107.80). Thus, these trades were not in sync with the market movement. Both trades (buy and sell) were synchronized trades. Trades were squared off by them with each other after a gap of 4 trading days. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 23 booked profit in all the contracts and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

17. It was observed that the entities of group 3 were trading with each other through synchronized trades in illiquid options. It is alleged that there was a predetermined arrangement to square off the trades and book profits and losses respectively. It is also alleged that the entities of group 3 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades are not genuine trades.

18. In view of the above, it is alleged that Noticees 19 to 23 have violated Section 12A(a)(b)(c) of SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations

19. **Trading by other entities -**

a) **Shapoorji P Mistry (ARB) (Noticee 24):**

i. The trading details of Noticee 24 in NIFTY options contracts with Noticee 30 are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
29/05/2014	5350	09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1387.3	9250
		11/04/2014	NIRSHILP SECURITIES PVT. LTD.			9250
	5450	03/04/2014	SHAPOOR P. MISTRY (ARB)	SHAPOOR P. MISTRY (ARB)	1537.35	8250
		07/04/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT LTD	1255.35	8250
	5650	10/04/2014	SHAPOOR P. MISTRY (ARB)	SHAPOOR P. MISTRY (ARB)	1290.1	8650
		16/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1127.65	8650
	5750	04/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	1086.05	9150
		09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1021.05	9150
	6600	18/03/2014				450
	7950	03/04/2014	SHAPOOR P. MISTRY (ARB)	NIRPAN SECURITIES PVT. LTD.	342.5	8250

Expiry Date	Strike_Price	Trade_Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty	
	8050	07/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1219.45	8250	
		09/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	1292.65	9250	
		11/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1141.6	9250	
	8150	10/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	1193.5	8650	
		16/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1406.05	8650	
	26/06/2014	5150	17/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1594.5	9250
22/04/2014			NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	1768.35	9250	
5250		09/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1623.25	8750	
		11/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	1542.1	8750	
		25/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1583.25	8950	
		29/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1597.85	8950	
5450		16/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	1292.85	9050	
		21/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1495.25	9050	
5550		04/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1185.35	9150	
		09/04/2014				9150	
5650		03/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	1321.25	9550	
		07/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1206.05	9550	
		28/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1133.25	8550	
		30/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	1221.25	8550	
5750		02/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	999.1	9250	
		04/04/2014				9250	
7750		03/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1119.75	9550	
		07/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	935.05	9550	
7950		16/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1227.15	9150	
		21/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1025.35	9150	
8050		02/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	1307.6	9250	
		04/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1190.35	9250	
8100		28/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1306.1	8250	
		30/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1230.15	8250	
8150		09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1253.45	8750	
		11/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1356.9	8750	
		17/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1386.25	9350	
8200		22/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1204.3	9350	
		25/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1367.45	9150	
31/07/2014		7850	29/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	1348.25	9150
			28/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1177.05	8350
31/07/2014		5750	30/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1045.35	8350
			28/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	924.8	8150
		30/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	1075.65	8150	

- ii. Noticee 24 has traded in 60 Nifty Options contracts of which its trades were matched with Noticee 30 in 21 contracts. While buying 213900 traded quantity i.e. 56% of total quantity NIFTY options bought by it during the period was matched with Noticee 30 and Noticee 33. While selling 213900 traded quantity i.e. 52% of traded quantity matched with Noticee 30. Noticee 24 has booked Positive Square off difference in all the 21 contacts amounting to Rs.249.76 lakh. All the transactions between Noticee 24 and Noticee 30 are synchronized trades. All these trades were squared off by them with each other. Most of the trades were squared off after a gap of 2-3 trading days. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 24 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

- iii. Comparison with the Market:  
Some transactions between Noticee 24 and Noticee 30 are detailed below to illustrate that the trades between these entities were not in sync with the market movement.

Expiry_date	Strike_price	Trade_Date	Buy_clnt_name	Sell_clnt_name	Trd_price	Sum of Trd_Quantity
29/05/2014	5350 (CE)	09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1387.3	9250
		11/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1537.35	9250
29/05/2014	5750 (CE)	04/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1086.05	9150
		09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	1021.05	9150
29/05/2014	8050 (PE)	09/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	1292.65	9250
		11/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1141.6	9250

- iv. On April 9, 2014 entity Shapoorji P Mistry bought NIFTY call options (expiry 29/05/2014 and strike price 5350) the trade price was 1387.30 for 9250 quantity from NSPL. After 2 days on April 11, 2014 said contract was squared off by these entities at price Rs. 1537.35 (sell price higher than buy price) for 9250 quantity. However, during the same period NIFTY has decreased from 6796.20 to 6776.30 and as a result trade price most liquid Call option (CE) contract has fall from Rs. 82.20 (09/04/2014) to Rs. 63.05 (11/04/2014).

Date	NIFTY Closing Price	Trade Price for most liquid (CE) contract (April 2014) In Rs	Trade Price most liquid (PE) contract (April 2014) In Rs.
01-Apr-14	6,721.05	72.40	72.65
02-Apr-14	6,752.55	84.55	57.65
03-Apr-14	6,736.10	72.40	63.55
04-Apr-14	6,694.35	53.35	62.20
07-Apr-14	6,695.05	40.25	54.00
09-Apr-14	6,796.20	82.20	21.90
10-Apr-14	6,796.40	80.60	25.80
11-Apr-14	6,776.30	63.05	26.45
15-Apr-14	6,733.10	33.80	32.60

- v. Similarly, for the NIFTY call option (strike price 5750, expiry 29/05/2014), it was observed that Noticee 30 has bought the NIFTY call options from Noticee 24 (04/04/2014) at Rs. 1086.05 and sold it for Rs. 1021.05 (09/04/2014). As NIFTY has increased from Rs. 6694.35 to Rs. 6796.20 during April 4, 2014 to April 9, 2014, the trade price most liquid call option (CE) contract has increased from Rs. 53.35 (04/04/2014) to Rs. 82.20 (09/04/2014).
- vi. In case of NIFTY put option (Strike price 8050, Expiry 29/05/2014), it was observed that Noticee 30 has bought the NIFTY put options from Noticee 24 (09/04/2014) at Rs. 1292.65 and sold it for Rs. 1141.60 (11/04/2014). As NIFTY has decreased from 6796.20 to 6776.30 during April 9 to April 11, 2014, the trade price most liquid put option (PE) contract has increased from Rs. 21.90 (09/04/2014) to Rs. 26.45 (11/04/2014). Thus, Noticee 24 and Noticee 30 have entered into NIFTY options trades irrespective of market movement of NIFTY. It is alleged that there was a predetermined arrangement to square off the trades and book profits and losses respectively. It is also alleged that Noticee 24 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades are not genuine trades.
- vii. Noticee 24 vide email dated March 17, 2021 inter-alia submitted that the rationale for the trades was to get premium credits against their margins, so they traded deep in the money options. All the trades were done on the exchange screen and without knowing the counterparty or counter broker. On their behalf, trades were executed by their broker SPS Share Brokers Pvt. Ltd. Further, Noticee 24 submitted that there was no structured deal between them or any brokers or any counterparty. At the time of initiating the trades, they were not aware whether they would make a profit or loss out these trades. In squaring-off, they happened to make profits / losses because of the time value decay of options. These Profits / loss of the trades was part of the daily trades with their broker SPS Share Brokers Pvt. Ltd. They have no business or personal relations with any of the counterparty or broker.
- viii. Noticee 24 traded in 60 Nifty Options contracts of which its trades were matched with Noticee 30 in 21 contracts. While buying 213900 traded quantity i.e. 56% of total quantity NIFTY options bought by it during the period was matched with Noticee 30 and Noticee 33. While selling 213900 traded quantity i.e. 52% of traded quantity matched with Noticee 30. Noticee 24 has booked Positive Square off difference in all the 21 contracts amounting to Rs. 267.44 lakh.
- ix. All the transactions between Noticee 24 and Noticee 30 are synchronized trades. All these trades were squared off by them with each other. Most of the trades were squared off after a gap of 2-3 trading days. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 24 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

b) **Modisons Commercial Private Limited (Noticee 25):**

- i. The trading details of Noticee 25 in NIFTY options contracts with Noticee 30 are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Clnr_Name	Sell_Clnr_Name	Trd_Price	Traded Qty
29/05/2014	7500	15/05/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	108.5	9950
		21/05/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	970.75	7150
26/06/2014	8250	23/05/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	826.35	7150
		23/05/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	1215.65	5050
31/07/2014	6150	27/05/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1280.35	5050
		24/06/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1270.15	7250
28/08/2014	6450	26/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	1110.35	7250
		17/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	920.15	7350

Expiry Date	Strike_Price	Trade_Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty	
	8550	20/06/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1030.85	7350	
		20/06/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	986.15	8250	
		24/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	838.65	8250	
	8650	24/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	935.85	8150	
		26/06/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1095.45	8150	
		20/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	1122.75	7950	
25/09/2014	6400	24/06/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1259.25	7150	
		26/06/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1175.6	800	
		14/07/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	763.45	9050	
	6750	15/07/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	919.35	6750	
		16/07/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	927.15	2300	
		14/07/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1025.75	8650	
	8550	16/07/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	855.85	8650	
		12/08/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	948.25	5250	
		14/08/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1137.05	5250	
	30/10/2014	6750	12/08/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1150.75	5250
			14/08/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	956.85	5250
		8850	12/08/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1027.55	4900
20/10/2014			MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	1061.45	4900	
27/11/2014	6850	17/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	735.25	6750	
		20/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	932.15	6750	
		17/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	955	50	
	7050	22/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	955.25	5150	
			MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	880.45	5150	
		27/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	881	50	
	8850	20/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	851.15	5850	
		21/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	918.45	5850	
		20/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1247.75	4050	
	9150	21/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	1096.95	4050	
			29/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	1360.25	3600
		29/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	1361	50	
24/12/2014	6750	30/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1549	50	
			NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1549.25	3600	
		29/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1260	50	
	6950	30/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1260.75	3900	
			MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	1222.25	3900	
		MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	1223	50		
7150	22/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	887.35	5600		
		MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	888	50		
	27/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1020	50		
7250	27/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1020.75	5600		
		MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	789.35	6200		

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty
			MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	790	50
		28/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	937	50
			NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	937.15	6200

- ii. Noticee 25 has traded in 107 Nifty Options contracts. In 21 contracts its trades matched with Noticee 30. Noticee 25 has squared off 20 contracts and has received Positive Square off difference in 19 of the aforesaid contracts amounting to Rs. 171.07 lakh.
- iii. All the transactions between Noticee 25 and Noticee 30 are synchronized trades. 20 out of 21 trades were squared off by them with each other (one trade was not squared off). It was observed that most of the trades were squared off after a gap of 2-3 trading days. All the trades were executed in illiquid contracts and squared off between the same set of entities except one contract and in almost all such contracts Noticee 25 booked profit and Noticee 30 booked a loss. Thus, it is alleged that the trades were non genuine and fictitious.

Comparison with the Market:

- iv. The transactions between Noticee 25 and Noticee 30 are detailed below to illustrate that the trades between these entities were not in sync with the market movement.

Expiry_date	Strike_price	Trade Date	Buy_cnt_name	Sell_cnt_name	Trd_price	Sum of Trd_Quantity
28/08/2014	6650 (CE)	17/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	920.15	7350
		20/06/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1030.85	7350

- v. It was observed that Noticee 25 has bought the NIFTY call options from Noticee 30 (17/06/2014) at Rs.920.15 and sold it for Rs.1030.85 (20/06/2014). As NIFTY has decreased from 7631.70 to 7511.45 during June 17 to June 20, 2014, the trade price most liquid call option (CE) contract has decrease from Rs. 101.40 (17/06/2014) to Rs. 24.85 (20/06/2014).

Date	NIFTY Closing Price	Trade Price for most liquid (CE) contract (June 2014)* in Rs	Trade Price most liquid (PE) contract (June 2014)* in Rs.
16-Jun-14	7,533.55	56.55	50.50
17-Jun-14	7,631.70	101.40	21.25
18-Jun-14	7,558.20	56.05	46.35
19-Jun-14	7,540.70	46.65	41.05
20-Jun-14	7,511.45	24.85	44.70

- vi. Thus, Noticee 25 and Noticee 30 have entered into NIFTY options trades irrespective of market movement of NIFTY. It is alleged that there was a predetermined arrangement to square off the trades and book profits and losses respectively. It is also alleged that Noticee 25 and Noticee 30 were not trading in the normal sense and ordinary course, thus, the trades are not genuine trades.

c) **Nikita N Shah (Noticee 26):**

- i. The trading details of Noticee 26 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cnt_Name	Sell_Cnt_Name	Trd_Price	Traded Qty	
24/12/2014	7350	11/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1128.5	100	
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1129	9050	
			12/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1079.5	1000
				NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1079.15	8150
	9050	05/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	570.45	25	
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	570.15	7325	
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	700	50	
				NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	700.65	7300
	9350	10/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	866	50	
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	865.15	9300	
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	957.5	100	
				NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	958	9250
	9650	12/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1112	50	
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1111.5	8550	
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1297.75	3100	
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1278.5	250	
	9850	18/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1279	5250	
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1276	1000	
NIKITA N SHAH			NIRSHILP SECURITIES PVT. LTD.	1275.25	8150		
NIRSHILP SECURITIES PVT. LTD.			NIKITA N SHAH	1434	100		
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1435.25	9050	
29/01/2015	6950	13/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1599	50	
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1600	7150	
			14/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1480.5	200
				NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1480	7000
	7250	13/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1141	200	
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1140.35	9050	
			17/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1315.5	50
				NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1316	9200
	7350	03/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1189.5	50	
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1190	8300	
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1086	200	
			05/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1085.75	8150

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
	7550	03/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	844	50
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	843.2	9100
		05/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	994.5	25
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	995	9125
	7650	11/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	765.5	200
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	765.25	9300
		12/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	935.5	50
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	935.85	9450
	9350	05/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	931	50
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	931.75	9150
		07/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	803.5	50
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	803	9150
	9450	10/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1061	50
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1061.35	9000
		11/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	915.8	50
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	915.75	9000
	9550	12/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1104	50
			NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1104.15	8650
		14/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	967.05	250
			NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	967	8450
	9650	18/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1162	50
		NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	1162.45	9200	
21/11/2014		NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1006	200	
		NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	1005	9050	

- ii. Noticee 26 has traded in 14 NIFTY Options contracts and in all the contracts it has booked Positive Square off difference of Rs. 167.64 lakhs. 100% trades of Noticee 26 were matched with Noticee 30. The trades were squared off after few days between same set of entities. Noticee 26 and Noticee 30 have entered into NIFTY options trades irrespective of market movement of NIFTY. It is alleged that there was a predetermined arrangement to square off the trades and book profits and losses respectively. It is alleged that Noticee 26 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades are not genuine trades.

d) **A V COMMODITIES (Noticee 27):**

i. The trading details of Noticee 27 in NIFTY options contracts with Noticee 30 are placed below:

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty	
27/11/2014	6750	20/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	1145.25	4500	
		21/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	1297.65	4500	
	6850	13/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	1078.45	1650	
		14/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	1017.65	1650	
	7050	09/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	935.15	5300	
		10/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	960.45	5300	
	7250	22/09/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	926.5	2650	
		25/09/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	950.25	1350	
		29/09/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	950.25	1300	
		13/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	586.75	3350	
		14/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	741.35	3500	
		17/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	577.15	8600	
	9050	20/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	737.35	8450	
		21/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	1154.65	4500	
	9250	22/09/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	999.75	4500	
		26/09/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	1030.75	2400	
	24/12/2014	6950	09/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	1016.25	2400
			10/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	1192.65	5650
7050		17/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	1008.45	5650	
		20/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	920.75	5450	
7150		08/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	900.25	5450	
		09/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	782.75	6300	
9050		08/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	965.05	6300	
		09/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	1118.65	4500	
					936.8	4500	



Expiry Date	Strike Price	Trade Date	Buy_Cln Name	Sell_Cln Name	Trd_Price	Traded Qty
		22/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	994	50

ii. Noticee 27 has traded in 51 Nifty Options Contracts. Out of 51 contracts, trades in 10 contracts matched with Noticee 30 and in all the 10 Contracts Noticee 27 has booked Positive Square off difference. Total Positive Square off difference booked by Noticee 27 is Rs.17.30 lacs. All the transactions between Noticee 27 and Noticee 30 are synchronized trades except one transaction where the time difference was around 2 minutes. Almost all the trades were squared off by them with each other. No such pattern was observed in other trades of Noticee 27 with entities other than Noticee 30.

iii. Thus, it is alleged that by the repeated square off in illiquid options and predetermined arrangement to book profits and losses respectively, Noticee 27 and Noticee 30 were not trading in the normal sense and ordinary course, and thus the trades are not genuine trades.

e) **COMMODITIES V D (Noticee 28):**

i. The trading details of Noticee 28 in NIFTY options contracts are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cln Name	Sell_Cln Name	Trd_Price	Traded Qty
24/04/2014	5250	12/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT LTD	1296.35	5250
		14/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	1345.65	5250
	5450	20/03/2014	COMMODITIES V D	PANKAJ D. SHAH	1089.05	7350
		24/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	1222.65	7350
	7250	14/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT. LTD.	686.25	9550
		18/03/2014	NIRSHILP SECURITIES PVT LTD	COMMODITIES V D	740.35	9550
29/05/2014	5550	18/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT LTD	1059.25	7050
		20/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	1135.5	7050
	7750	24/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT. LTD.	1024.35	8650
		26/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	1082.65	8650
	7850	26/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT. LTD.	1065.25	8850
		28/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	1164.75	8850

ii. Noticee 28 has traded in 6 NIFTY Options contracts and in all the contracts it has booked Positive Square off difference of Rs. 36.80 Lacs. 100% trades of Noticee 28 were matched with Noticee 30. All the trades were synchronized trades. The trades were square off after few days between same set of entities. Noticee 28 and Noticee 30 have entered into NIFTY options trades irrespective of market movement of NIFTY. It is alleged that by the repeated square off in illiquid options and predetermined arrangement to book profits and losses respectively, they were not trading in the normal sense and ordinary course, and thus the trades are not genuine trades.

f) **AMRUTBHAI NATHABHAI DARJI (Noticee 29):**

i. The trading details of Noticee 29 in NIFTY options contracts with Noticee 30 are placed below:

Expiry Date	Strike Price	Trade Date	Buy_Cln Name	Sell_Cln Name	Trd_Price	Traded Qty
24/04/2014	7650	07/03/2014	AMRUTBHAI NATHABHAI DARJI	NIRSHILP SECURITIES PVT LTD	1012.35	3450
		11/03/2014	NIRSHILP SECURITIES PVT. LTD.	AMRUTBHAI NATHABHAI DARJI	1144.4	3450

ii. Out of the 2 contracts, trades in 1 contracts matched with Noticee 30 and in that 1 Contract Noticee 29 has booked Positive Square off difference. Total Positive Square off difference booked by Noticee 29 is Rs.4.56 lacs. All the transactions between Noticee 29 and Noticee 30 are synchronized trades. The trades were squared off by them with each other. No such pattern was observed in other trades of Noticee 29 with entities other than Noticee 30.

iii. Thus, it is alleged that by the square off in illiquid options and predetermined arrangement to book profits and losses respectively, Noticee 29 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades are not genuine trades.

20. **Summary of Trades:**

Sr. No.	Name	No of Options Contracts traded	Trade Value (Rs.)	Profit / (Loss) (In Rs.)	Value of self Trades	Self Trades (Traded Quantity)	No. of square off trades with Nirshilp/ Group entities	Square off quantity with Nirshilp/ Group entities
1	Shapoorji P Mistry	21	499698135	24976855	0	0	48	427800
2	Modisons	21	253951920	17107535	0	0	52	251200
3	Nikita N Shah	14	260810195	16764410	0	0	57	246500
4	AVCOMMODITIES	10	41312447	1729402	0	0	25	109750
5	COMMODITIES V D	6	97919562	3679872	0	0	12	93400
6	Amrutbhai Nathabhai	1	7440787	455572	0	0	2	6900
	<b>Total</b>	<b>73</b>	<b>1161133046</b>	<b>64713646</b>	<b>0</b>	<b>0</b>	<b>196</b>	<b>1135550</b>

21. In view of the above, it is alleged that, Noticees 24 to 29 have violated Section 12A(a)(b)(c) of SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations.

22. **Trading details of Noticee 30 -**

23. From the statement recording of Noticee 30, it is gathered that Noticee 30 is into share trading and commodities trading and basically do proprietary trading. From September 2019, Noticee 30 have also taken stock broking license on NSE.

A summary of trades executed by Noticee 30 in NIFTY Options:

Counter Party	Buy				Sell			
	Qty		Value		Qty		Value	
	In lacs	%	In Cr	%	In lacs	%	In Cr	%
Nirpan Securities Pvt. Ltd.	89.04	63.70	0.74	0.29	89.78	64.18	0.72	0.31
Nirshilp Securities Pvt. Ltd.	6.54	4.68	63.77	25.23	6.54	4.68	63.77	26.96
Suspected clients	14.48	10.36	163.78	64.79	14.58	10.42	146.30	61.85
Other clients	29.72	21.26	24.49	9.69	29.00	20.73	25.73	10.88
<b>Total</b>	<b>139.78</b>		<b>252.78</b>		<b>139.90</b>		<b>236.53</b>	

24. Noticee 30 has bought 505 NIFTY options contracts for 12530275 quantity and sold 507 NIFTY contracts for 12532025 quantity from other entities (Noticees 1 to 29). Noticee 30 has booked profit of Rs. 1.23 crore in these trades.
25. It is observed that Noticee 33 accounted for more than 60% to the trades executed by Noticee 30 on quantity basis however it accounted for less than 0.5% on traded value basis. Noticee 33 is connected with Noticee 30 as both the entities have common directors.
26. Trades with Noticees 1 to 29 were already mentioned in above paragraphs and it was observed that these trades were synchronized in nature, squared off after few days. Most of the trades were squared off with the same set of entities.
27. Self-trades by Noticee 30 accounted for 4.68% on traded quantity basis however on value basis it accounted for more than 25%. Total self-trade quantity was 654050 NIFTY trades worth Rs. 63.77 Crore. The details of self-trades are placed in below table:

Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value
26-Feb-2014	5,200	18-Feb-2014	NIRSHILP SECURITIES PVT LTD	0.40	1550	620
	4,950	03-Mar-2014		1,343.50	7150	9606025
	5,050	03-Mar-2014		1,239.85	6750	8368988
	6,750	05-Mar-2014		463.35	9150	4239653
27-Mar-2014	6,850	05-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	555.05	8250	4579163
	5,050	11-Mar-2014	NIRSHILP SECURITIES PVT LTD	1,484.05	5750	8533288
		11-Mar-2014		1,487.05	6050	8996653
		19-Mar-2014		1,573.65	9250	14556263
	5,150	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,396.10	9050	12634705
		19-Mar-2014		1,420.05	900	1278045
	5,200			1,357.00	1700	2306900
				1,357.50	350	475125
				1,358.00	750	1018500
				1,358.05	250	339513
				1,358.10	50	67905
				1,358.50	100	135850
				1,361.50	550	748825
				1,363.50	1050	1431675
				1,372.15	1350	1852403
				1,281.05	3550	4547728
5,250	10-Mar-2014	NIRSHILP SECURITIES PVT LTD	1,364.35	7800	10641930	
5,300	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,276.00	8250	10527000	
5,350			1,234.15	50	61708	
			1,236.80	50	61840	
			1,235.50	750	926625	
			1,236.00	650	803400	
			1,236.50	1800	2225700	
			1,237.00	5250	6494250	
			1,237.50	250	309375	
5,450	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,097.25	8250	9052313	
6,750	11-Mar-2014	NIRSHILP SECURITIES PVT LTD	260.95	8750	2283313	
24-Apr-2014	6,850	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	322.10	4150	1336715
				346.75	1000	346750

Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value	
	6,950	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	436.50	1100	480150	
	7,600	09-Apr-2014	NIRSHILP SECURITIES PVT LTD	0.60	49500	29700	
	7,750	19-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,182.25	9050	10699363	
29-May-2014	5,350	23-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,513.20	1450	2194140	
		25-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,501.15	7800	11708970	
		16-Apr-2014		1,280.45	550	704248	
				1,315.35	2200	2893770	
		17-Apr-2014		1,355.25	1250	1694063	
		21-Apr-2014		1,376.35	2200	3027970	
	5,450	22-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,394.65	2050	2859033	
	5,650	06-May-2014	NIRSHILP SECURITIES PVT. LTD.	1,136.25	4150	4715438	
	7,250	20-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	647.65	9350	6055528	
	7,300	19-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	814.85	9150	7455878	
	7,350	12-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	890.45	6150	5476268	
	7,650	25-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	999.65	9150	9146798	
	7,750	28-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,062.05	300	318615	
	7,950	21-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,058.15	3450	3650618	
	8,050	23-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,178.80	1250	1473500	
		25-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,268.25	3050	3868163	
	8,150	06-May-2014	NIRSHILP SECURITIES PVT LTD	1,362.15	4650	6333998	
	26-Jun-2014	5,150	10-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	2,470.15	1000	2470150
			24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	2,452.35	2950	7234433
		5,250		NIRSHILP SECURITIES PVT LTD	2,306.45	5400	12454830
24-Jun-2014			NIRSHILP SECURITIES PVT. LTD.	2,316.00	200	463200	
5,450		10-Jun-2014	NIRSHILP SECURITIES PVT LTD	2,108.05	2700	5691735	
		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	2,152.35	2700	5811345	
5,550		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	2,042.65	5500	11234575	
5,650		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	1,950.75	550	1072913	
5,750		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	1,810.35	300	543105	
7,750		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	166.10	4700	780670	
		10-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	328.15	550	180483	
7,950		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	360.25	4200	1513050	
8,050		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	490.15	600	294090	
8,100		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	510.75	8050	4111538	
8,150		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	542.50	9000	4882500	
		25-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	539.25	1700	916725	
8,200		24-Jun-2014	NIRSHILP SECURITIES PVT LTD	608.00	5500	3344000	
8,250		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	672.50	7150	4808375	
31-Jul-2014		5,450	14-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,997.25	4250	8488313
			15-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	2,038.15	5200	10598380
6,150	14-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,307.50	5050	6602875		
28-Aug-2014	6,350	14-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,145.75	50	57288	
	6,450	22-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,279.45	3000	3838350	
	6,550	23-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,228.85	4950	6082808	
	6,650	21-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,101.25	2800	3083500	
	8,350	16-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	725.45	6250	4534063	
	8,550	22-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	748.15	8250	6172238	
	8,650	21-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	970.15	8150	7906723	

Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value
25-Sep-2014	6,550	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	1,329.75	4300	5717925
	6,600	20-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	287.55	4200	1207710
	6,750	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	1,132.25	9050	10246863
	6,850	27-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	1,082.75	7350	7958213
	7,850	18-Sep-2014	NIRSHILP SECURITIES PVT LTD	191.95	300	57585
	8,450	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	565.35	5250	2968088
	8,550	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	663.05	8650	5735383
	8,750	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	802.50	4950	3972375
30-Oct-2014		02-Sep-2014	NIRSHILP SECURITIES PVT. LTD.	1,388.65	300	416595
				1,309.75	900	1178775
	6,750	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,310.00	50	65500
	6,850	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,198.25	350	419388
				1,199.00	50	59950
	6,950	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,095.65	6800	7450420
				1,096.00	50	54800
	7,050	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	990.15	150	148523
				990.50	50	49525
	8,850	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	738.15	5200	3838380
				738.50	50	36925
	8,950	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	827.35	550	455043
				827.50	50	41375
	9,050	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	956.55	1050	1004378
				957.00	50	47850
	9,150	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,047.25	700	733075
				1,048.00	50	52400
9,250	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,146.05	1600	1833680	
			1,146.50	50	57325	
27-Nov-2014	6,650	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,821.00	4950	9013950
				1,821.50	50	91075
	6,750	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,723.00	100	172300
	6,850	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,650.00	250	412500
	6,950	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,554.00	300	466200
	7,050	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,425.00	1400	1995000
				1,425.50	50	71275
	7,150	24-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,356.15	5050	6848558
				1,356.50	50	67825
	7,250	24-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,256.00	3000	3768000
				1,256.50	50	62825
				1,258.15	9750	12266963
				1,258.50	50	62925
	8,850	25-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	294.25	9950	2927788
				294.50	50	14725
	8,950	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	360.00	650	234000
				360.50	50	18025
9,050	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	438.50	1000	438500	
			535.50	9450	5060475	
9,150	25-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	536.00	50	26800	
			680.00	50	34000	

Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value
				680.50	4000	2722000
				755.10	2350	1774485
	9,250	25-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	755.50	50	37775
				793.35	3900	3094065
	9,350	24-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	793.50	50	39675
				1,837.75	5000	9188750
	6,650	08-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,838.00	250	459500
				1,592.00	350	557200
	6,750	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,592.50	50	79625
				1,491.00	200	298200
	6,850	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,491.50	50	74575
	6,950	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,381.15	2700	3729105
				1,290.00	5400	6966000
	7,050	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,290.50	50	64525
				1,179.25	2000	2358500
	7,150	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,179.50	50	58975
				1,077.05	5250	5654513
	7,250	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,078.00	50	53900
				775.00	2400	1860000
	7,450	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	775.50	50	38775
	8,750	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	409.50	6000	2457000
				501.50	6950	3485425
	8,850	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	502.00	50	25100
				707.00	4950	3499650
	8,950	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	707.50	50	35375
				818.00	50	40900
	9,050	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	818.50	5400	4419900
				917.50	50	45875
	9,150	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	918.00	8100	7435800
				1,017.00	50	50850
	9,250	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,017.50	7700	7834750
				860.00	50	43000
		08-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	860.50	8200	7056100
				1,003.50	50	50175
	9,350	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,003.75	4700	4717625
				1,403.00	8550	11995650
	9,650	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,403.50	50	70175
				1,492.00	50	74600
24-Dec-2014	9,850	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,492.50	9100	13581750
	6,950	27-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,925.50	7200	13863600
	7,250	27-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,623.50	9250	15017375
	7,350	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,541.05	8350	12867768
				1,453.50	2600	3779100
	7,450	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,454.00	50	72700
				1,348.75	9125	12307344
	7,550	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,349.00	25	33725
	7,650	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,242.15	9500	11800425
29-Jan-2015	9,350	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	430.50	1000	430500

Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value
				431.00	1250	538750
				446.50	6900	3080850
		29-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	447.00	50	22350
				520.45	9000	4684050
	9,450	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	520.50	50	26025
				623.75	8650	5395438
	9,550	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	624.00	50	31200
	9,650	27-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	770.25	9250	7124813
<b>Grand Total</b>					<b>654050</b>	<b>637714801</b>

28. Noticee 30 has entered into self-trades of NIFTY options for 6,54,050 quantity worth Rs. 63.77 crore which is more than 25% of the total traded value of it. These transactions have been executed by it in various different contracts. Execution of repeated self-trades in illiquid NIFTY option contracts cannot be mere coincidence considering the significant value of these contracts (i.e.25% of the total traded value). Thus, it is alleged that the self-trades entered by Noticee 30 created misleading appearance of trading in illiquid NIFTY option contracts.

29. It is alleged that Noticee 30 has entered into non genuine trades with Noticees 1 to 29. Almost all the transactions between Noticees 1 to 29 Noticees and Noticee 30 were synchronized trades. The trades were squared off by them with each other. Thus, it is alleged that by squaring off in illiquid options and predetermined arrangement to book profits and losses respectively, Noticees 1 to 30 were not trading in the normal sense and ordinary course, thus the trades are not genuine trades. Further, no such pattern was observed in other trades of Noticee 30 with entities other than the Noticees 1 to 29.

### 30. Statement of Noticee 30

Noticee 30, vide summons dated February 10, 2021, was summoned to appear in person before the Investigating Authority on February 23, 2021. Mr. Pankaj D. Shah and Mr. Ashish Jhaveri appeared before the investigating authority on March 02, 2021. The statement is placed as **Annexure 4**.

31. During the statement recording Noticee 30, inter-alia submitted the following:

- Noticee 30 is into share trading and commodities trading. It deal in equities as well as derivatives and basically do proprietary trading. It used to trade through Nirpan Securities Pvt Ltd, Dolat Capital Market Pvt Ltd and Vaibhav Stock and Derivatives Broking Pvt Ltd. From September 2019, it has also taken stock broking license on NSE.
- The trading decisions are taken by Mr. Pankaj D Shah, Mr. Shailesh D Shah (younger brother of Pankaj D Shah), Mr. Vaibhav Shah (son of Pankaj D Shah), Mr. Jigar Shah (son of Pankaj D Shah) and Mr. Pruvag Shah (son of Shailesh D Shah).
- Regarding the decision to trade in illiquid Nifty options during the period January 2014 to January 2015, Noticee 30 submitted that "Nifty is the barometer of the market, the maximum impact is in Nifty options. Due to this we have traded in illiquid Nifty options to transfer our position and risk. The decision to trade in illiquid Nifty options was taken as per the understanding of the market conditions at that time. Further, at the group level there is no profit or loss, all the trades were conducted with the group entities as all the trades conducted by Nirshilp Securities Pvt Ltd are structure trades with its group entities and no third party transactions were involved. This is part of hedging strategy of NSPL. It is further stated that NSPL and other group entities incurred all the statutory charges such as STT, transaction charges and brokerage, stamp duty etc in these illiquid Nifty options trades. All the trades were executed within the daily price range set by NSE. It may be noted that, there was no loss caused to third party or any other investor. Also there was no impact on the index due to these transactions and market equilibrium was not disturbed due to these transactions."
- It has further submitted that "Nirshilp Securities Pvt Ltd wanted to offload its risk, hence it incurred losses in most of the transactions. However, there was no loss at group level. Losses were incidental and not intentional and as a part of corrective measures Nirshilp Securities Pvt Ltd, at group level has distributed the entire trades between other group companies. At present we have "Propbook" in namely Nirshilp Securities Pvt Ltd, Nirpan Securities Pvt Ltd, Dolat Investments Ltd, Vaibhav Stock & Derivatives Broking Pvt. Ltd, wherein entire trading is done."
- With regards to connection with Noticees 1 to 29, Noticee 30 submitted that they are connected with 12 of the 29 Noticees, the details are placed below:

Sr. No.	Name	Remarks
1	Amrutbhai Nathabhai Darji	No connection
2	Avcommodities	No connection
3	Chandrika Dharmendra Gada	No connection
4	Chintan P. Shah Huf	No connection
5	Commodities V D	No connection
6	Dhaval R. Shah	Dhaval R. Shah is son of Rajendra D Shah who is brother of Panjak D Shah.
7	Gomtiben Thakarshi Gada	No connection
8	H. D. Shah (Huf)	H. D. Shah (Huf) is HUF of Harendra D Shah who is Brother of Panjak D Shah.
9	Harendra D. Shah	Brother of Panjak D Shah
10	Hemang D. Sheth	No connection
11	Hetal C. Shah	No connection
12	Kamal P. Shah Huf	No connection
13	Modisons Commercial Pvt Ltd	This firm belongs to Mr. Sunil Modi and his family. Mr. Sunil Modi is my friend for the past 20 years.
14	Neha K. Shah	No connection
15	Neha Pravin Gada	No connection
16	Nikita N Shah	No connection
17	P. D. Shah (Huf)	P. D. Shah (Huf) is HUF of Panjak D Shah.
18	Pankaj D. Shah	Self
19	Pranlal B. Shah Huf	No connection
20	Punaiben Manilal Gada	No connection
21	R.D.Shah Huf	R.D.Shah Huf is HUF of Rajendra D. Shah, who is Brother of Panjak D Shah.
22	Rajendra D. Shah	Brother of Panjak D Shah

23	Rasilaben P. Shah	No connection
24	S. D. Shah (Huf)	S. D. Shah (Huf) is HUF of Shailesh D. Shah , who is Brother of Panjak D Shah.
25	Shailesh D. Shah	Brother of Panjak D Shah
26	Shapoor P. Mistry (Arb)	No connection
27	Shilpa R. Shah	Wife of Rajendra D Shah.
28	Vaibhav Nagji Rita	No connection
29	Vaipan Securities Pvt. Ltd.	It was Group Company, now it is merged with NSPL.

f) Nirshilp Securities Pvt Ltd also submitted that "NSE surveillance team also investigated their trades in Nifty contracts. Nirshilp Securities Pvt Ltd was called for hearing and we offered our explanation, NSE didn't find any serious issue with the trade and imposed penalty of Rs. 1,00,000/- each on our three broking entities namely Nirpan Securities Pvt Ltd, Dolat Capital Market Pvt Ltd, Vaibhav Stock & Derivatives Broking Pvt. Ltd."

32. In its statement recording Noticee 30 has accepted its involvement in trading in illiquid NIFTY options with related/connected entities. It is alleged that the trades were structured in such a way that profit of one entity was equal to loss of the other group entity, further, these trades are non-genuine/manipulative transactions and impact the market integrity. It is observed from the trading pattern of the aforesaid Noticees that all the trades were carried out in an illiquid Nifty option. All the trades were executed between the aforesaid Noticees were synchronized in nature and the trades were reversed with the same counter parties either on next day or within 1-2 days. The basic purpose of trading on the exchange platform is to earn profit. However, it is observed that Noticee 30 was consistently making losses in every squared off trades. Further, Noticee 30 also accepted the fact that it had traded with its connected entities. It also stated that even though there were losses incurred by Noticee 30 in all the transactions but at group level the same was distributed. Thus, it is alleged that the trades executed by these Noticees were non-genuine trades and have created false and misleading appearance of trading and hence the trades are manipulative in nature. It is also alleged that this consistent trading in the given pattern shows deliberate attempt by these Noticees to manipulate the market for various purposes by using exchange trading platform.

33. In view of the above, it is alleged that Noticee 30 have violated Section 12A(a)(b)(c) of SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations.

34. **Role of Brokers:**

The brokers of the Noticees 1 to 30 are as under:

Sr. No.	Group	Cleint Name	Broker Name	
1	Group 1	RAJENDRA D. SHAH	Nirpan Securities Pvt. Ltd. Dolat Capital Market Pvt. Ltd. Vaibhav Stock & Derivatives Broking Pvt. Ltd.	
2		HARENDRA D. SHAH		
3		DHAVAL R. SHAH		
4		SHAILESH D. SHAH		
5		SHILPA R. SHAH		
6		H. D. Shah (HUF)		
7		P. D. SHAH (HUF)		
8		R.D.SHAH HUF		
9		VAIPAN SECURITIES PVT. LTD.		
10		S. D. Shah (HUF)		
11		PANKAJ D. SHAH		
12		Nirshilp Securities Pvt. Ltd.		
13	Group 2	CHINTAN P. SHAH HUF	Jambuwala Capital Services Private Limited	
14		KAMAL P. SHAH HUF		
15		HETAL C. SHAH		
16		PRANLAL B. SHAH HUF		
17		NEHA K. SHAH		
18		HEMANG D. SHETH		
19		RASILABEN P. SHAH		
20	Group 3	CHANDRIKA DHARMENDRA GADA	Inventure Growth & Securities Limited	
21		VAIBHAV NAGJI RITA		
22		PUNAI BEN MANILAL GADA		
23		NEHA PRAVIN GADA		
24		GOMTIBEN THAKARSHI GADA		
25		SHAPOOR P. MISTRY (ARB)		
26		MODISONS COMMERCIAL PVT LTD		SPS Share Brokers Pvt. Ltd.
27		NIKITA N SHAH		Keshav Securities Pvt Ltd
28		AVCOMMODITIES		RRS Shares & Stock Brokers Pvt. Ltd
29		COMMODITIES V D		Jambuwala Capital Services Private Limited
30		AMRUTBHAI NATHABHAI DARJI		RBG Financial Services Private Limited Inventure Growth & Securities Limited

**Details of connections of Brokers with the Noticees 1 to 30**

S.No	Broker	Connection
1	Jambuwala Capital Services Private Limited (Noticee 31)	Chintan Pranlal Shah, Kamal Pranlal Shah, Pranlal Bhailal Shah and Rasilaben Pranlal Shah are director's in Jambuwala Capital Services Private Limited. Chintan P. Shah HUF, Kamal P. Shah HUF, Pranlal B. Shah HUF and Rasilaben P. Shah are part of Group 2. Group 2 has executed 90 non-genuine square-off trades with Nirshilp Securities Pvt. Ltd where in Jambuwala Capital Services Private Limited was broker of Group 2. <b>(Annexure 5)</b>
2	Inventure Growth & Securities Limited (Noticee 32)	Nagji Keshavji Rita who forms part of Group 3 was director of Inventure Growth & Securities Limited from June 22, 1995 to August 04, 2018, i.e. he was director of the company during the investigation period. Group 3 has executed 12 non-genuine square-off trades with Nirshilp Securities Pvt. Ltd where in Inventure Growth & Securities Limited was broker of Group 3. <b>(Annexure 6)</b>
3	Keshav Securities Pvt Ltd (Noticee 36)	Modisons Commercial Pvt Ltd and its broker Keshav Securities Pvt Ltd have common director Mr. Sunil Modi. Mr. Sunil Modi was director of Keshav Securities Pvt Ltd during the period April 26, 2002 to February 01, 2018 and director in Modisons Commercial Pvt Ltd from October 23, 1987 till date. Modisons Commercial Pvt Ltd has executed 52 non-genuine square-off trades with Nirshilp Securities Pvt. Ltd where in Keshav Securities Pvt Ltd was broker of Modisons Commercial Pvt Ltd. <b>(Annexure 7)</b>
4	Nirpan Securities Pvt. Ltd. (Noticee 33)	Mr. Rajendra D Shah and Mr. Harendra D Shah who are part of Group 1 are also Directors in Nirpan Securities Pvt. Ltd
5	Dolat Capital Market Pvt. Ltd (Noticee 34)	Mr. Rajendra D Shah and Mr. Pankaj D Shah who are part of Group 1 are also Directors in Dolat Capital Market Pvt. Ltd
6	Vaibhav Stock & Derivatives Broking Pvt. Ltd (Noticee 35)	Mr. Vaibhav Pankaj Shah, son of Mr. Pankaj D Shah (Part of Group 1) is director of Vaibhav Stock & Derivatives Broking Pvt. Ltd

35. The brokers Nirpan Securities Pvt. Ltd. (Noticee 33), Dolat Capital Market Pvt. Ltd (Noticee 34) and Vaibhav Stock & Derivatives Broking Pvt. Ltd. (Noticee 35) are connected with the entities in Group 1. From Sr. No 4, 5 and 6 in the above table, it is observed that:
- Mr. Rajendra D Shah and Mr. Harendra D Shah who are part of Group 1 are also Directors in Noticee 33.
  - Mr. Rajendra D Shah and Mr. Pankaj D Shah who are part of Group 1 are also Directors in Noticee 34.
  - Mr. Vaibhav Pankaj Shah, son of Mr. Pankaj D Shah is director of Noticee 35.
36. It is alleged that all the non-genuine and fictitious trades carried out by the entities in Group 1 was placed through the three aforementioned brokers i.e. Noticees 33, 34 and 35.
37. The entities in group 1 carried out 262 square-off trades with Noticee 30, where in Noticee 33, 34 and 35 are brokers in both sides of trade squared off i.e. 524 trades. Noticee 33 executed 137 trades, Noticee 34 executed 206 trades and Noticee 35 executed 181 trades. (copy placed as **Annexure 8**).
38. Further, apart from Group 1, the rest of the entities executed 298 square-off trades with Noticee 30, where in Noticee 33, 34 and 35 are brokers in one side of trade square off. Thus, Noticee 33 (160 trades), Noticee 34 (344 trades) and Noticee 35 (318 trades) have facilitated total 822 non-genuine and fictitious trades. (copy placed as **Annexure 9**).
39. Chintan Pranal Shah, Kamal Pranal Shah, Pranal Bhailal Shah and Rasilaben Pranal Shah are directors in Noticee 31 (copy placed as **Annexure 10**). Chintan P. Shah HUF, Kamal P. Shah HUF, Pranal B. Shah HUF and Rasilaben P. Shah are part of Group 2. The trades of entities in Group 2 were placed through Noticee 31. Group 2 has executed 90 non-genuine square-off trades with Noticee 30 where in Noticee 31 was broker of Group 2.
40. Nagji Keshavji Rita who forms part of Group 3 was director of Noticee 32 from June 22, 1995 to August 04, 2018, i.e. he was director of Noticee 32 during the investigation period (January 01, 2014 to January 01, 2015) (copy placed as **Annexure 11**). The trades of entities in Group 3 were placed through Noticee 32. Group 3 has executed 12 non-genuine square-off trades with Noticee 30 where in Noticee 32 was broker of Group 3.
41. Modisons Commercial Pvt Ltd and its broker Noticee 36 have common director Mr. Sunil Modi. Mr. Sunil Modi was director of Noticee 36 during the period April 26, 2002 to February 01, 2018 and director in Modisons Commercial Pvt Ltd from October 23, 1987 till date (copy placed as **Annexure 12**). Further, during statement recording Mr. Pankaj D Shan submitted that "Modisons Commercial Pvt Ltd belongs to Mr. Sunil Modi and his family. Mr. Sunil Modi is my friend for the past 20 years."
42. Modisons Commercial Pvt Ltd has executed 52 non-genuine square-off trades with Noticee 30 where in Noticee 36 was broker of Modisons Commercial Pvt Ltd.

**Summary of Broker-wise trades:**

S.No	Broker Name	Square off trades	Square off trade quantity
1	Dolat Capital Market Pvt. Ltd	344	1771300
2	Nirpan Securities Pvt. Ltd	160	919300
3	Vaibhav Stock & Derivatives Broking Pvt. Ltd	318	1599750
4	Jambuwalla Capital Services Private Limited	90	170950
5	Invventure Growth & Securities Limited	12	61100
6	Keshav Securities Pvt Ltd	52	251200

43. Clause A (1), (2), (3) (4) and (5) of Code of Conduct as specified in Schedule II under regulation 9(f) of Brokers Regulations states as under:
- "(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.  
(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.  
(3) Manipulation: A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.  
(4) Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stockbroker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness  
(5) Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him."
44. As per Brokers Regulations, a stock broker shall maintain high standards of integrity and fairness in the conduct of all his business, should exercise of due skill and care, and should not indulge in manipulative, fraudulent or deceptive transactions or in any kind of malpractices to create false market either singly or in concert with others. The broker should exercise diligence in the conduct of all his business and comply with statutory requirements.
45. However, in this case it is alleged that the entities involved are directors to the Brokers viz. Noticees 31 to 36. It is not possible that the Directors of the broking entity placed non-genuine and fictitious trades without the knowledge of the respective broking entity. Hence, it is alleged that the aforementioned brokers have colluded with the clients and knowingly executed the non-genuine and fictitious trades. It is also alleged that the aforementioned brokers aided and facilitated the other Noticees in a deliberate attempt to manipulate the market for various purposes by using exchange trading platform. Further, it is alleged that the aforementioned brokers have not carried out the necessary due diligence and compliance with statutory requirements while dealing with the client.
46. In view of the above, it is alleged that Noticees 31 to 36 have violated Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), Regulation 4(1) and 4 (2)(a) of PFUTP Regulations and clause A (1), (2) (3) (4) and (5) of Code of Conduct as specified in Schedule II under regulation 9(f) of Brokers Regulations.
47. The text of the provisions alleged to be violated by the Noticees is reproduced as under:

**SEBI Act**

12A.No person shall directly or indirectly—

- 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;
- 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;
- 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 —**

- 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 –

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

48. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under section 15HA and 15HB of SEBI Act as applicable, which is reproduced as under:

**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.

**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.

49. You are, therefore, called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995 read with Section 15I of the SEBI Act (hereinafter referred to as '**Adjudication Rules**'); and why penalty should not be imposed under section 15HA and 15HB of SEBI Act.

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6. I note from material available on record that the SCN was served upon all the Noticees, either through Email at their respective email ids available and/ or through Speed Post Acknowledgement Due (SPAD) at respective postal addresses, as per records, as detailed hereinafter.

6.1. The SCN sent through digitally signed email was served to all the Noticees, save for Noticees 19 and 23 to whom it was served through SPAD as mentioned in above paragraph. In this regard, it is noted that Noticee 19 and Noticee 23, vide their common reply dated March 05, 2023 inter alia acknowledged the receipt of the SCN.

6.2. The SCN sent through SPAD got served to all the Noticees, save for Noticee 28 to whom it got served through Email. As regards Noticee 28, I note that the SCN was sent at the address i.e. 2nd Floor Ipsta Building, Jew Town Kochi, 682002. In this regard, it is observed that Noticee 28 had mentioned the same address as that mentioned in the SCN i.e. 2nd Floor Ipsta Building, Jew Town, Cochin, 682002 (Kerela) in its replies dated 08/09/2023 and 27/09/2023, however, despite the same, the SCN returned undelivered from the aforesaid address in respect of Noticee 28.

7. The Noticees inter alia sought inspection of documents and/ or copies of documents. In this regard, following is noted from material available on record:

7.1. Noticees 1 to 11, 30 and 33 to 35, vide their respective letters dated February 28, 2022, November 23, 2022 and Noticee 1 also vide its email dated December 12, 2022 requested for inspection of documents and copies thereof. Vide letter dated December 20, 2022, Noticee 1 to 11, 30 and 33 to 35 were afforded with an opportunity of inspection of documents on January 03, 2023. The Noticees 1 to 11, 30 and 33 to 35 availed the opportunity of inspection of documents through their Authorized Representative viz., Saanchi Purohit whereby the Noticees were provided with relevant Investigation Report in the matter. Thereafter, vide common email dated January 18, 2023, the Noticees 1 to 11, 30 and 33 to 35 again sought copies of list of documents mentioned therein inter alia including documents relating to SEBI Settlement Scheme 2022, internal file notings with respect to approval of investigation, appointment of Adjudicating Officer etc. In this regard, vide letter dated July 26, 2023 inter alia the Noticees 1 to 11, 30 and 33 to 35 were informed that the relevant documents as relied upon had already been provided to them as Annexures to the SCN and their Authorized Representative had also inspected the relied upon documents on January 03, 2023.

7.2. Noticees 12 to 18 and 31, vide their respective letters dated February 21, 2022 inter alia sought copies of certain documents mentioned therein such as order log, trade log, connection/ relation among parties etc. and all the documents which were relied upon while issuing the SCN. In this regard, vide email dated January 13, 2023, Noticees 12 to 18 were provided with relevant Investigation Report in the matter. Thereafter, vide email dated January 16, 2023, Noticees 12 to 18 and 31 again sought copies of documents mentioned therein being similar to those sought vide their

letters dated February 21, 2022 and the Noticees 12 to 18 and 31 also sought inspection of documents during the personal hearing held on August 08, 2023, accordingly the same was afforded to them. The Noticees 12 to 18 and 31 availed the opportunity of inspection of documents on August 25, 2023 wherein the Authorized Representative had inspected and received copy of the relevant Investigation Report in the matter.

- 7.3. Noticee 24, vide letter dated March 22, 2022, inter alia sought copies of certain documents mentioned therein such as order log, trade log, connection/ relation among parties etc. and also sought all the documents which were relied upon while issuing the SCN. Further, vide email dated August 08, 2023, Noticee 24 again sought certain documents and also requested for inspection of documents. In this regard, Noticee 24 was afforded with an opportunity of inspection of documents on August 25, 2023. The Noticee 24 availed the same on scheduled date through its Authorized Representatives viz., Mr. Suyash Bhandari & Aditya Thanvi wherein the Authorized Representatives had inspected and received copy of the relevant Investigation Report in the matter.
- 7.4. Noticee 26, vide email dated February 28, 2022, requested for inspection of documents and sought copies thereof. Vide letter dated December 20, 2022, Noticee 26 was afforded an opportunity of inspection of documents as relied upon in the instant proceedings. In this regard, it is noted from material available on record that Noticee 26 did not avail the opportunity of inspection on the scheduled date.
- 7.5. Noticee 27, vide its letter dated February 21, 2022, inter alia sought copies of Investigation Report, original trade log , order log and price volume data relied upon while issuing the SCN. In this regard, vide letter dated January 19, 2023, Noticee 27 was inter alia informed that all the documents relied upon in the instant Adjudication Proceedings had already been provided

to the Noticee as Annexures to the SCN. Further, the Noticee was also provided with copy of trade logs of its trades during the relevant period which included trade details like trade time, trade price, traded quantity etc. and copy of relied upon Investigation Report. Vide email dated August 07, 2023, the Authorized Representative of the Noticee viz., Vikas Bengani requested for an opportunity of Inspection of documents and the same was afforded to the Noticee on August 25, 2023. Noticee 27 availed the opportunity of inspection of documents on the scheduled date through its Authorized Representative.

7.6. Noticee 32, vide its letter dated April 11, 2022, inter alia requested for opportunity of inspection of all documents referred to or relied upon in the SCN and copies thereof. Noticee 32 was afforded an opportunity of inspection of documents on January 03, 2023. The Noticee availed the opportunity of inspection of documents on the scheduled date through its Authorized Representative viz., Ms. Ashmita Goradia.

8. In the interest of principle of Natural Justice, Hearing Notices affording opportunity of personal hearing, were issued to the Noticees. The details of replies to SCN and hearing in respect of the Noticees are as under:

8.1. Vide Hearing Notices dated January 11, 2023, inter alia Noticees 1 to 11, 26, 30 and 33 to 35, were afforded an opportunity of personal hearing on January 18, 2023. Vide email dated January 18, 2023, Noticee 1 on behalf of Noticees 1 to 11, 30 and 33 to 35 inter alia requested for adjournment of the scheduled hearing. Also, as noted from material available on record, Noticee 26 did not avail the opportunity of hearing on the scheduled date. Thereafter, Vide Hearing Notices dated July 26, 2023, in the interest of Natural Justice, inter alia Noticees 1 to 11, 30 and 33 to 35 were afforded with another opportunity of hearing on August 08, 2023 and Noticee 26 was afforded another opportunity of hearing on August 10, 2023. In this regard, vide letter dated August 08, 2023, Noticee 1 inter alia submitted

that Noticee 26 was also connected to Group 1 as a family friend. Noticee 26 along with Noticees 1 to 11, 30 and 33 to 35 availed the opportunity of hearing on the scheduled date through their Authorized Representative viz., Saanchi Purohit. During the hearing, the Authorized Representative relied upon and reiterated the common reply to the SCN of Noticees 1 to 11, Noticee 26, Noticee 30 and Noticees 33 to 35 submitted vide email dated August 08, 2023 and sought time for filing further submissions as complete and final submissions, accordingly time till August 17, 2023 was allowed. Vide letter dated August 17, 2023, Noticees 1 to 11, 26, 30, 33 to 35 submitted their further written submissions.

- 8.2. Vide Hearing Notices dated January 11, 2023, inter alia Noticees 12 to 18 and Noticee 31, were afforded an opportunity of personal hearing on January 19, 2023. In this regard, it is noted from material available on record that the Noticees 12 to 18 and Noticee 31 did not avail the opportunity of hearing on the scheduled date. Vide Hearing Notices dated July 26, 2023, another opportunity of hearing, as final opportunity, was afforded to the Noticees 12 to 18 and Noticee 31 on August 08, 2023. The opportunity of hearing was availed by the Noticees 12 to 18 and Noticee 31 on the scheduled date through their Authorized Representatives viz., Kamal P. Shah (being Karta of Noticee 13), Ms. Nirali Mehta (common Authorized Representative of Noticee 13 to Noticee 18) and Mr. Varun Nathani (common Authorized Representative of Noticee 12 and Noticee 31). During the hearing, inter alia the respective replies submitted by Noticee 12 to 18 and Noticee 31 vide emails dated August 08, 2023 were relied upon and reiterated. Vide Hearing Notices dated August 28, 2023, another opportunity of hearing was provided to Noticees 12 to 18 and Noticee 31 on September 06, 2023. On September 06, 2023, the Noticees 12 to 18 and Noticee 31 sought adjournment and requested to reschedule the hearing to September 08, 2023. The hearing was rescheduled to September 08, 2023 and the Noticees 12 to 18 and Noticee 31 availed the opportunity of hearing on the scheduled date through their Authorized

Representatives viz., Ms. Rishika Harish i/b Mindspright legal (for Noticee 12 and 31) and Mr. Aditya Thanvi i/b Mindspright legal (for Noticees 13 to 18). During the hearing, inter alia the Authorized Representatives relied upon and reiterated the submissions made by respective Noticees vide their emails dated September 08, 2023. The Authorized Representatives further sought copies of legible relevant trade logs. In this regard, they were informed that relevant trade log was already provided as part of Annexure to the SCN and considering their request, trade log was once again provided vide email dated September 25, 2023. The Authorized Representatives also sought time to file further submissions, accordingly time till September 18, 2023 was allowed. In this regard, I note from material available on record that no further submissions had been received from Noticees 12 to 18 and Noticee 31.

- 8.3. Vide Hearing Notices dated January 11, 2023, inter alia Noticees 19 to 23 were afforded an opportunity of personal hearing on January 19, 2023 and Noticee 29 was afforded an opportunity of personal hearing on January 24, 2023. Vide letter dated January 17, 2023, Noticee 29 Authorized Dr. Nagji Keshavji Rita to appear for the scheduled hearing. Thereafter, vide email dated January 23, 2023, Noticee 29 sought extension of time for hearing. Noticees 19 to 23 and Noticee 29 did not avail the opportunity of hearing. Thereafter, vide Hearing Notice dated February 16, 2023, Noticee 29 was again afforded another opportunity of hearing however the same was deferred due to administrative reasons. Thereafter, vide Hearing Notices dated July 26, 2023, one more opportunity of hearing, as final opportunity in this regard was afforded to Noticees 19 to 23 and Noticee 29 on August 09, 2023. The Noticees 19 to 23 and Noticee 29 availed the opportunity of hearing on the scheduled date through their common Authorized Representative viz., Ravi Vijay Ramaiya. During the hearing, inter alia the Authorized Representative relied upon and reiterated the replies to the SCN of Noticee 19 to 23 and Noticee 29 submitted vide their email dated August 07, 2023 and August 08, 2023, respectively. The

Authorized Representative also submitted that further submissions as complete and final submissions in the matter were to be filed by that day itself. In this regard, vide letter dated August 09, 2023, Noticees 19 to 23 and Noticee 29 filed their further submissions.

8.4. Vide Hearing Notice dated August 01, 2023, Noticee 24 was afforded an opportunity of personal hearing on August 10, 2023. Vide email dated August 08, 2023, Noticee 24 inter alia requested for inspection of documents which was availed by the Noticee 24 through its Authorized Representative on August 25, 2023, as brought out in the foregoing paragraphs. Thereafter, in the interest of natural justice, vide Hearing Notice dated August 28, 2023, Noticee 24 was afforded another opportunity of hearing, as final opportunity, on September 06, 2023. Noticee 24 availed the opportunity of hearing on the scheduled date i.e. September 06, 2023 through its Authorized Representatives viz., Ankita Singhania, Mr. Suyash Bhandari, Mr. Aditya Thanvi. During the hearing, inter alia, the Authorized Representatives relied upon and reiterated the submissions made by the Noticee vide letter dated August 30, 2023 and also submitted that there were no further submissions to be made in respect of Noticee 24 and the submissions made vide letter dated August 30, 2023 as reply to the SCN be treated as final and complete submission in the matter. Further, copy of relevant trade log was also sought whereby Noticee 24 was informed that the same will be provided to the Noticee 24 again through email. Considering the request of Noticee 24, relevant trade log was forwarded to Noticee 24 vide email dated September 25, 2023.

8.5. Vide Hearing Notices dated January 11, 2023, Noticee 25 and Noticee 36 were afforded an opportunity of personal hearing on January 24, 2023. In this regard, Noticee 25 and Noticee 36 requested for extension of time. Vide Hearing Notices dated February 16, 2023, in the interest of justice, another opportunity of hearing was afforded to Noticee 25 and Noticee 36 on February 23, 2023 which the Noticees did not avail. Thereafter, vide

Hearing Notices dated July 26, 2023, another opportunity of hearing, as final opportunity, was afforded to Noticee 25 and Noticee 36 on August 09, 2024. Vide email dated August 04, 2023 , Noticee 25 and Noticee 26, requested for a copy of the SCN citing reason that the SCN had been misplaced from its office, due to some family issues between the family members. Considering their request, vide email dated August 07, 2023 and August 09, 2023, the copy of the SCN had been forwarded again to Noticee 25 and Noticee 36 respectively. It is noted from material available on record that neither Noticee 25 nor Noticee 36 availed the hearing on the scheduled date. Thereafter, vide Hearing Notice dated August 28, 2023, Noticee 25 and Noticee 36 was afforded another opportunity of hearing, as final opportunity, on September 05, 2023. Both the Noticee 25 and Noticee 36 availed the opportunity of hearing on September 05, 2023 through their common Authorized Representative viz., Mr. Vinit Shyamsunder Modi. During the hearing, inter alia, the Authorized Representative relied upon and reiterated the contents of the letters sent by Noticee 25 and Noticee 36 vide emails dated September 01, 2023 and sought additional time for filing further submissions as complete and final submissions in the matter. Accordingly, time till September 06, 2023 was allowed. In this regard, I note that no further submissions had been received from Noticee 25 and Noticee 36.

- 8.6. Vide Hearing Notice dated January 19, 2023, Noticee 27 was afforded an opportunity of personal hearing on February 07, 2023 which was not availed by the Noticee. Vide Hearing Notice dated July 26, 2023, another opportunity of hearing was afforded to the Noticee on August 09, 2023. Vide email dated August 07, 2023, Noticee 27 requested for opportunity of inspection of documents and the same availed by the Noticee on August 25, 2023, as brought out in the foregoing paragraphs. Vide Hearing Notice dated August 28, 2023, in the interest of natural justice, another opportunity of hearing, as final opportunity, was provided to the Noticee on September 06, 2023. The Noticee availed the opportunity of hearing on



the scheduled date through its Authorized Representative viz., Mr. Vikas Bengani. During the hearing, inter alia, the Authorized Representative relied upon and reiterated the submissions made in the matter by Noticee 27 vide email dated September 04, 2023. The Authorized Representative also sought additional time for filing further submissions as complete and final submissions in the matter. Accordingly, time till September 11, 2023 was allowed. In this regard, vide letter dated September 11, 2023, Noticee 27 filed its further submissions.

8.7. Vide Hearing Notice dated January 12, 2023, Noticee 28 was afforded an opportunity of personal hearing on January 24, 2023 which was not availed by the Noticee. Vide Hearing Notice dated August 29, 2023, in the interest of justice, another opportunity of hearing, as final opportunity, was afforded to the Noticee on September 06, 2023. Vide letter dated September 09, 2023, Noticee 28 inter alia stated that it received Hearing Notice dated August 28, 2023 on September 08, 2023 and had not received the SCN dated February 04, 2022 and Hearing Notice dated January 12, 2023. Vide email dated September 05, 2023, the copy of the SCN along with annexures thereto were provided to Noticee 28 and final opportunity of hearing was also afforded to it on October 10, 2023. In this regard, I note that Noticee 28 did not avail the opportunity of hearing scheduled on October 10, 2023.

8.8. Vide Hearing Notice dated January 11, 2023, Noticee 32 was afforded an opportunity of personal hearing on January 18, 2023. Vide email dated January 13, 2023, inter alia Noticee 32 requested for extension of time to submit the reply to the SCN and to reschedule the hearing. Vide Hearing Notice dated February 16, 2023, in the interest of principle of Natural Justice, another opportunity of hearing was provided to Noticee 32 on February 23, 2023 which was rescheduled to March 03, 2023 in view of their request, however the same was deferred due to administrative reasons. Thereafter, vide Hearing Notice dated July 26, 2023, opportunity

of hearing, as final opportunity, was afforded to Noticee 32 on August 10, 2023 in respect of which Noticee 32 again sought adjournment. Vide Hearing Notice dated August 28, 2023, in the interest of natural justice, another opportunity of hearing, as final opportunity was afforded to Noticee 32 on September 05, 2023. The Noticee 32, through its Authorized Representative viz., Mr. Kunal Katariya availed the opportunity of hearing on the scheduled date. During the hearing, the Authorized Representative relied upon and reiterated the reply of Noticee submitted vide email dated February 20, 2023 and sought time to make further submissions, accordingly time till September 11, 2023 was allowed. In this regard, I note that no further submissions had been received from Noticee 32.

9. The replies to SCN were received from the respective Noticees vide various letters/ emails as stated in the paragraphs above. The key submissions made by the Noticees, as regards violations alleged in the SCN, as part of their reply to the SCN are as under:

Submissions of Noticees 1 to 11, 26, 30 and 33 to 35:

“.....

1. *By the Noticee's letter dated February 28, 2022, the Noticee had requested your Honor to grant the Noticee an opportunity for inspection of crucial and critical documents in respect of the said SCN to enable the Noticee to file an efficacious reply in the instant matter. A list of the documents requested for under cover of the Noticee's letter dated February 28, 2022 is as follows:*
  - A. *Copy of investigation report.*
  - B. *Date on which the findings of the investigation were put up for the information/knowledge of the Whole Time Member.*
  - C. *Copy of the material placed before the Whole Time Member to decide that there were sufficient grounds to enquire into the alleged violations.*
  - D. *Date on which investigation report was approved by WTM and the present proceedings was approved.*
  - E. *Copy of the file noting of WTM when he/she appointed Adjudicating Officer.*
  - F. *Copy of reasons recorded by the Board, Chairman, member or the Executive Director that there exists reasonable grounds to investigate the affairs of the Noticee in the said matter.*
  - G. *Copy of Order of the Board authorizing investigation in the matter.*
  - H. *Copy of File notings of SEBI dealing with the Judgement of Hon'ble SAT dated February 11, 2015 in the matter of Viram Investments Pvt. Ltd Vs. SEBI (Appeal no. 160 of 2004).*
  - I. *Date on which SEBI has filed an appeal/SLP before the Supreme Court against the decision in the aforementioned order of SAT.*
  - J. *Copy of evidence to show that the noticee has caused any damage to any other investors/group of investors or impacted the market integrity in any other manner or that the noticee has influenced the market.*
  - K. *Copy of evidence to show that the noticee has made any illegitimate gain from the alleged transactions, or that any prejudice was caused to any investor(s) because of our / my trades.*
  - L. *The allegations in this matter stem out allegedly from trades undertaken for alleged profit/loss adjustments. It is clear that the matter as per SEBI is similar to the Long Term Capital Gain ("LTCG") cases. Therefore, your Honour is requested to provide a copy of the Board approved Enforcement Action Policy dealing with LTCG cases.*

2. By the Noticee's letter dated November 23, 2022, the Noticee requested your Honour to grant the Noticee inspection as well as provide copies of the File Noting of SEBI dealing with the Noticee's representations to the Settlement Division, Enforcement Department-2 vide emails dated September 23, 2022 and November 9, 2022 as well as grant inspection and provide copies of SEBI's Board Agenda Notes approving the Settlement Scheme, 2022 for clients as well as 150 Brokers.
3. Subsequently on January 3, 2023 the Noticee's were granted an opportunity for inspection of only the Investigation Report and were thereafter only provided a copy of the retracted copy of the Investigation Report. None of the other documents detailed above and requested for by the Noticee, were provided.
4. By the Noticee's letter dated January 18, 2023, the Noticee had further requested your Honor to also additionally provide material / documents / evidence which differentiate this present matter from the 15000 odd BSE ILLIQUID OPTIONS CASES covered by the Settlement Scheme 2022.
5. Thereafter vide letter dated July 27, 2023, your Honor intimated the Noticee's that all relied upon documents have already been provided. However, no reasons have been given as to why the documents/material sought by the Noticee's is not relevant to the present matter.
6. The Noticee would like to raise a strong objection to the above. As mentioned in our earlier letters, it would be necessary to draw your Honour's attention to order dated February 18, 2022 passed by the Hon'ble Supreme Court in the matter of T. Takano vs SEBI & Anr. (C.A. Nos. 487 – 488 of 2022) by which the Hon'ble Supreme Court has reiterated what the Noticee has been stating since the inception of the present proceedings. The Hon'ble Supreme Court has held that not only those documents that have been relied upon but also those documents that have close nexus with the matter have to be provided to the Noticee. Relevant paragraphs of the Order have been reproduced as under:  
 "51. The conclusions are summarised below:  
 (a) The appellant has a right to disclosure of the material relevant to the proceedings initiated against him. A deviation from the general rule of disclosure of relevant information was made in Natwar Singh (supra) based on the stage of the proceedings. It is sufficient to disclose the materials relied on if it is for the purpose of issuing a show cause notice for deciding whether to initiate an inquiry. However, all information that is relevant to the proceedings must be disclosed in adjudication proceedings;"  
 "(c) The disclosure of material serves a three- fold purpose of decreasing the error in the verdict, protecting the fairness of the proceedings, and enhancing the transparency of the investigatory bodies and judicial institutions;"  
 Therefore, it is abundantly clear from the above that not only the material relied upon by the authorities while initiating proceedings needs to be provided to the Noticee, but also those documents that are relevant to the proceedings must be disclosed.
7. Further, the Noticee vide its previous letters have also drawn your Honour's kind attention to the fact that in the event your Honour decides to decline the request of any/all the documents requested by the Noticee in inspection, your Honour must communicate such decision by way of a separate reasoned order, as was done by Hon'ble Ms. Madhabi Puri Buch in respect of the brokers in the following matter of National Spot Exchange Limited Matter:
  - i. Order no. WTM/MPB/EFD-1-DRA-11/37/2018 dated August 30,2018 in respect of Anand Rathi Commodities Limited;
  - ii. Order no. WTM/MPB/EFD-1-DRA-11/35/2018 dated August 30,2018 in respect of India Infoline Commodities Limited;
  - iii. Order no. WTM/MPB/EFD-1-DRA-11/36/ 2318 dated August 30, 2018 in respect of Geofin Comtrade Limited;
  - iv. Order no. WTM/MPB/EFD-1-DRA-II/17/2018 dated June 06, 2018 in respect of Phillip Commodities India Pvt. Ltd.
8. The Noticee submits that the decision on whether inspection should be given or not is a Quasi-Judicial decision which cannot be taken by anyone else apart from the Quasi-Judicial Authority. Your kind attention is drawn towards the matter of Adventz Finance Private Limited in which (Appeal no. 206 of 2016 dated 15<sup>th</sup> July, 2016.) wherein the Hon'ble SAT observed that inspection proceedings are quasi judicial proceedings.
9. Further, in the order of the Hon'ble Securities Appellate Tribunal in Pooja Wadhawan vs SEBI in Appeal No. 487 of 2021 dated 13<sup>th</sup> September, 2021 in paragraph no. 10, the Hon'ble SAT has clearly stated that inspection proceedings are part of the quasi-judicial process. Relevant portion of the Order is reproduced as under:  
 "10. Having heard the learned counsel for the parties we find that under the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, the proceedings starts upon the issuance of a show cause notice. All applications filed by a noticee are required to be dealt with properly in accordance with law by the authority concerned. These applications and order passed thereunder are part of the quasi-judicial process and are passed upon an application of mind. Such disposal of the application are not done through a ministerial act but are done through a quasi- judicial process. Thus, the impugned order rejecting the application of the appellant for supply of certain documents in part is a quasi-judicial process and is appealable before this Tribunal under Section 15T in the event the person is aggrieved by that order..."
10. Thus, from the above orders it is clear that whether inspection should be given or not is a Quasi-Judicial decision, and your Honour being bound by the above Hon'ble SAT Orders is required to give the Noticee's reasons as to why the documents/material requested for by the Noticee is not being furnished with the same. Not doing so, would be in violation of the Hon'ble SAT Orders which are binding on your Honour.

11. *Vide the Noticee's previous letters, the Noticee had requested your Honour to provide inspection and copies of SEBI's Board Agenda Notes approving the Settlement Scheme, 2022 for clients as well as 150 Brokers. However, the same has not been provided to the Noticee. It is necessary to note that these Board Agenda Notes approving the Settlement Scheme, 2022 for clients as well as 150 Brokers are extremely relevant to the present proceedings as the alleged nature, category and class of the trades in the present matter are exactly the same (the only difference being the platform exchange on which the trades took place) to the BSE Illiquid cases.*
12. *In the event the same is not on file and/or not in possession of your Honour, it may be pertinent to state that the Quasi-Judicial Authorities have regularly been seeking information relevant to the case, when they are not in possession of such information or when the information is not readily available to them, and have been giving it to the Noticee's.*
13. *The above is abundantly clear from paragraph no. 6 of the order of the Hon'ble Securities Appellate Tribunal in Pooja Wadhawan vs SEBI in Appeal No. 487 of 2021 dated 13<sup>th</sup> September, 2021 which states that the WTM had made efforts towards procuring the documents requested by the Appellant under inspection from the Administrator who was in possession of the documents. Relevant portion of the Order is reproduced as under:*  
*"6. ...The WTM again considered the request and informed the appellant vide letter dated 24<sup>th</sup> May, 2021 that further efforts would be made to procure the documents from the Administrator..."*
14. *Therefore, in view of the above it is once again humbly submitted that your Honour kindly provides the Noticee with inspection of the documents sought herein under para nos. 1, 2 and 4. Kindly note that all the documents/materials sought are necessary and critical for the Noticee to understand and appreciate the case against them properly and to determine the issues (both substantive and procedural) arising from the captioned SCN.*
15. *Further, Mindspright Legal had filed a reference dated February 28, 2023 with SEBI. A copy of such reference has been enclosed under Noticee's letter dated August 8, 2023. It is very important for the Noticee's to obtain SEBI's response to the same. The Noticee's are given to understand that in April, 2023, the Investigation Department has categorically stated that the nature of trades and the alleged offence in the present matter is the same as that in the case of BSE Illiquid Option cases, which were covered by the SEBI Settlement Scheme, 2022. It is therefore, natural that the present case also should have been given the benefit of such Settlement Scheme. The Noticee's are still engaged with SEBI in this regard. Therefore, it will be proper for your Honour to not decide this matter till this the issue of settlement is decided.*
16. *In case a decision in this regard has been taken, the same may kindly be shared with us. In the event your Honour decides to proceed in any way in this matter the Settlement amount charged by SEBI in BSE Illiquid Option cases under SEBI Settlement Scheme, 2022 needs to be kept in mind. It may also be noted that the penalties levied have to be less than the Settlement amount as with penalty, stigma is attached whereas with settlement, stigma is not attached.*
17. *At the further outset it is necessary to note that, the SCN in the present matter has been issued after unexplainable and fatal delay of 7 years. The trades in question and investigation period pertain to the year 2014-2015 and the present SCN was issued on February 4, 2022. Therefore, it is clear that the said matter suffers from extreme delay and laches and on this ground alone, the present SCN is liable to be disposed of as it causes great prejudice to the Noticee's.*
18. *In reference to the above, the Noticee's would like to rely on the following judgments: -*
  - (a) *Your Honour's attention is drawn to the recent Order dated March 24, 2022 Appeal No 719 of 2021 in the matter of Yatin Pandya HUF vs SEBI wherein the Hon'ble SAT, while levying a penalty on SEBI of Rs. 25,000 for not dealing with the inordinate delay, held as follows:  
*"7. Having heard the learned counsel for the parties, we find that there is an inordinate delay in the issuance of the show cause notice. The disputed trades are of the year 2008-2009. The investigation in the irregular trading activities was conducted during the period May 1, 2008 to September 30, 2009. After the investigation, it has taken the respondent more than 11 years to issue the show cause notice. There is no explanation in the impugned order as to why the show cause notice could not be issued earlier."  
 In fact in the same matter as stated above, by Order dated December 16, 2021, the Hon'ble SAT has held that the issue of delay and laches is a critical issue to be decided and in fact the Hon'ble SAT had asked the Hon'ble AO for an explanation for not considering the issue of delay and even went a step further by stating the same amounts to judicial dishonesty.**
  - (b) *In another recent Order passed in the matter of Monarch Network Capital Ltd. on December 30, 2021 the Hon'ble WTM Mr. Anant Barua observed as follows:  
*"22. It is noted that the violations by MRBPL and MPFL were committed in year 2009, the show cause notice(s) were issued by DA to MRBPL and MPFL on February 16, 2010 and the ERs were submitted on May 25, 2012. I note that a long and considerable time has elapsed since the issuance of show cause notice by DA and....."  
 Taking cognizance of the delay, relief was given in this matter by the WTM.**
  - (c) *In Ashlesh Guntantbhai Shah vs SEBI on 31.1.2020, there was a delay of 7 years in issuing SCN, the Hon'ble SAT held that:  
*"As a result, without going into the merits of the case, we find that on account of the inordinate delay in the initiation of the proceedings by issuance of a show cause notice, the penalty order cannot be sustained."**
  - (d) *In Mr. Rakesh Kathotia & Ors. Vs SEBI on 27.5.2019, the Hon'ble SAT held that:*

"It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in *Government of India vs. Citedal Fine Pharmaceuticals, Madras and Others*, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court in *Bhavnagar University v. Palitana Sugar Mill* (2004) Vol.12 SCC 670, *State of Punjab vs. Bhatinda District Coop. Milk P. Union Ltd* (2007) Vol.11 SCC 363 and *Joint Collector Ranga Reddy Dist. & Anr. Vs. D. Narsing Rao & Ors.* (2015) Vol. 3 SCC 695. The Supreme Court recently in the case of *Adjudicating Officer, SEBI vs. Bhavesh Pabari* (2019) SCC Online SC 294 held: "There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."

- (e) In *Ashok Shivlal Rupani vs SEBI* there was a delay of 8 years in issuing SCN, the Hon'ble SAT held that:  
"8. In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice and for completion of the adjudication proceedings. Since the power to adjudicate has not been exercised within a reasonable period no penalty could have been imposed for the alleged violations." The said matter was appealed by SEBI and on 15.12.2019, in the Supreme Court held that: "We find no ground to interfere with the impugned order passed by the Tribunal. The appeals are, accordingly, dismissed."
- (f) In *Sanjay Jethalal Soni & Ors. vs SEBI* there was a delay of 7 years in issuing SCN, the Hon'ble SAT held that:  
"13. As a result, without going into the question of *res judicata* or *estoppel* raised by the appellants we are of the opinion that on account of the inordinate delay in initiating the proceedings, the impugned penalty order cannot be sustained."
- (g) In *Parag Sarda vs SEBI*, on 12.11.2020, there was a delay of 17 years in issuing SCN, the Hon'ble SAT held that:  
No legitimate explanation given in the impugned order as to why it took 5 years to issue a show cause notice even after SEBI admittedly came to know of the violation in the year 2014. An inordinate delay has happened in this matter for initiating proceedings and serving a show cause notice. Therefore, the impugned order suffers from laches and our orders in *Sanjay Soni & Ors.* (Supra) and *Mr. Rakesh Kathotia & Ors.* (Supra) squarely applies to the matter.
- (h) In *ICICI Bank Ltd. vs SEBI* on 8.7.2020 there was a delay of 8 years in issuing SCN, the Hon'ble SAT held that:  
"However, we agree with the contentions of the learned Senior Counsel for the appellant on the inordinate delay in issuing the show cause notice and in passing the impugned order by respondent SEBI. The disclosure violations had been noticed by SEBI soon thereafter and a preliminary investigation was carried out and a report was available in the month of August 2012. However, even the show cause notice was issued almost six years thereafter in June 26, 2018."  
"34. Laches is a mixed question of fact and law. The facts in the instant case indicate delay in issuing the show cause notice. However, the plea of laches though not raised before the AO was specifically raised in the appeal before this Tribunal. We however, find that undue delay in initiating the proceedings by the respondent by itself causes prejudice and would ultimately attach a stigma pursuant to any adverse order that may be passed."
19. Therefore, in light of the above, on the ground of delay and laches alone the present SCN is liable to be set aside and your Honour is kindly requested to drop the present proceedings against the Noticee's, at this stage itself, in view of the delay and laches.
20. Without prejudice to the above, the Noticee's would like to make the following submissions:
- At the outset, the Noticee's deny all the allegations levelled against them in the said SCN, except to the extent specifically admitted herein. Nothing contained in the said SCN may be deemed to be admitted by reason of non-traverse or otherwise, save and except what is expressly admitted herein. In addition to this, the Noticee's reserve the right to make amendments to these submissions and to make further submissions in the matter as and when necessary.
  - Further, it may be kindly noted that the submissions made herein are in continuation to the Noticee's previous replies in this matter dated February 28, 2022, September 23, 2022, November 23, 2022, December 22, 2022, January 18, 2023 and August 8, 2023 and the same should be read in consonance with their previous replies.
  - The said SCN alleges that Noticee Nos. 1 -36 has allegedly violated Section 12A (a), (b), (c) of SEBI Act read with Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations by engaging in predetermined self trades/synchronised trades thus not trading in the normal / ordinary sense, hence the trades entered are non-genuine and Noticee Nos. 31-36 have allegedly violated Section 12A (a), (b), (c) of SEBI Act read with Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations as well as Clause A (1), (2), (3), (4) and (5) of Code of Conduct as specified in Schedule II under Regulation 9 (f) of SEBI (Stock Brokers and Sub-Brokers

Regulations , 1992 as the trades in question were executed through them and they allegedly did not exercise due diligence and care.

- iv. As mentioned earlier, the decision to undertake all the trades in question was made on the advice and in consultation with Mr. Rajendra D. Shah. In all other BSE Illiquid Stock Option cases, the two sides of the trade were connected only on the basis of the fact that a synchronized reversal trades had taken place. However, in the present matter, albeit the alleged nature of the trade is the same i.e. synchronized reversal trades in illiquid options, the parties are connected with one another through family relations and the trades have been undertaken by the Noticee's as a single group, on the advice and in consultation with Mr. Rajendra D. Shah, Noticee No. 1. Please find enclosed Affidavits of all Noticee Nos. 2-11, 26 and 30 to this effect.

Please find below the relationship/connection of Mr. Rajendra D. Shah, Noticee No. 1 with the other Noticee's is as under:

Sr. No.	Noticee No.	Name	Connection to Mr. Rajendra D. Shah
1.	1	Rajendra D. Shah	Self
2.	2	Harendra D. Shah	Brother
3.	3	Dhaval R. Shah	Son
4.	4	Shaliesh D. Shah	Brother
5.	5	Shilpa R. Shah	Wife
6.	6	H. D. Shah (HUF)	Brothers HUF
7.	7	P. D. Shah (HUF)	Brothers HUF
8.	8	R. D. Shah (HUF)	Self HUF
9.	9	Vaipan Securities Pvt. Ltd. (now merged with Nirshilp Commodities and Trading Pvt. Ltd.)	Director/Promoter/Relative of Director/Relative of Promoter
10.	10	S. D. Shah (HUF)	Brothers HUF
11.	11	Pankaj D. Shah	Brothers
12.	26	Nikita N. Shah	Family Friend
13.	30	Nirshilp Commodities and Trading Pvt. Ltd.	Director/Promoter/Relative of Director/Relative of Promoter
14.	33	Nirpan Securities Pvt. Ltd.	Director/Promoter/Relative of Director/Relative of Promoter
15.	34	Dolat Capital Market Pvt. Ltd.	Director/Promoter/Relative of Director/Relative of Promoter
16.	35	Vaibhav Stock & Derivatives Broking Pvt. Ltd.	Director/Promoter/Relative of Director/Relative of Promoter

- i. Your Honour's kind attention is drawn to the following matters wherein SEBI has accepted and acknowledged the fact that trades have been done/advised by another person (family member) and have even gone on to disposed the SCN against Noticee's as the trades lacked involvement of the Noticee's:
- (a) Adjudication Order No. SD/AO/117/2009 dated October 22, 2009 in respect of Mr. Virang Shah in the matter of Karuna Cables Ltd.
- (b) Adjudication Order No. Order/SM/DP/2022-23/23321-23323 in respect of Mr. Balram Agarwal, Ashish Bansal and Naresh Kumar Bansal sated January 31, 2023 in the matter of A. F. Enterprises Ltd.
- ii. It may be kindly noted that in the other Illiquid Stock Option cases, the two sides of the trade were connected only on the basis of synchronized reversal trades. However, in the present matter the decision to undertake all the trades in question was made on the advice and in consultation with Mr. Rajendra D. Shah (Noticee No.1). Since Mr. Rajendra D. Shah advised all the trades in question, on behalf of Noticee Nos. 1- 11, 30, 33 – 35, which resulted in the alleged creation of artificial volume in the scrip, if at all your Honour proceeds to levy penalty, the present violation should be considered as a single violation and joint and several liability should be imposed against these Noticee's, being Noticee Nos 1 -11, 30, 33 -35.
- iii. With reference to the above, the Noticee would like to draw your kind attention to the matter of Viji Finance Ltd., which was a more serious case which had allegation of not only creation of artificial volume but also manipulation and LTP contribution, wherein the Hon'ble AO vide Order dated December 24, 2020 has levied a penalty of only Rs. 15 lakhs which was to be jointly and severally payable by Noticee Nos. 1 to 78 therein, which barely amounts to a penalty of Rs. 19,230/- per Noticee. Copy of this order has been furnished vide our previous submissions dated 22.12.2022.
- iv. Without prejudice and in addition to what has already been brought on record by the Noticee, it is submitted that SEBI Adjudicating Officers have levied joint and several token penalties in PFUTP matters where –
- i. Connection are alleged among Noticee's
- ii. Violations are venial and technical only
- v. In this regard, the Noticee would like to refer to the order of Adjudicating Officer, Ms. Sangeeta Rathod in respect of 42 entities on the matter of Financial Credit & Guarantee Company Ltd ("FCGL") (Order No.

ORDER/SR/2020-21/8886- 8924/97-138 dated September 3, 2020). In this matter, the 42 entities had allegedly, collectively traded amongst themselves to create artificial volumes on of shares during the investigation period and had therefore violated SEBI PFUTP regulations. In para 20.c of the said order, it is stated that

“.....In light of these case laws I am of a considered opinion that the penalty be imposed jointly and severally as the Noticee's are connected and have worked in unison toward the violations established and are collectively responsive for the creation of the artificial volume and therefore collectively liable for the said penalty.”

A joint and several penalty of Rs, 18 lacs was imposed in the matter.

- vi. This decision of levy of penalty collectively and jointly in this regard was accepted by SEBI when the matter had gone to the Hon'ble Securities Appellate Tribunal against the original order of the A.O. (Appeal No. 93 of 2020 dated March 4, 2020).
- vii. Further, by Corrigendum to Adjudication Order No. Order/VV/AK/2022-23/17499- 17521 dated August 6, 2022, the Hon'ble A.O. who had levied individual penalties on Noticee's has "rectified" his Order to subsequently impose joint and several penalty on the Noticee's.
- viii. In fact it is SEBI's own stand in other matters that, considering the fact that the Noticee's are directly/indirectly connected and have acted in concert with each other with a common intention and have devised a manipulative trading pattern by which they collectively traded among themselves with a premeditated mindset to increase price (or volume) of the scrip, then imposition of a joint and several penalty is absolutely correct. A copy of SEBI's reply filed in a matter before SAT being Appeal No. 795 of 2022 (ref para 30.) has been submitted under cover of our previous submissions dated 8.8.2023.
- ix. It is also pertinent to note that the SCN in para 24 at page 65 states that:

"Noticee 30 has bought 505 Nifty option contracts for 12530275 quantity and sold 507 Nifty Contracts for 12532025 quantity from other entities (Noticee's 1 to 29) ..."

Further the SCN in para 8 at page 11 states that "... Noticee's 1 – 30 traded with each other in 691 contracts during the period January 2014 to January 2015. The details of the same is placed as Annexure 3..."

A perusal of Annexure 3 to the SCN "Details of 691 contracts traded by the Noticee's 1 to 30" shows that Noticee 30 has contributed to the volume of all 691 contracts mentioned therein (see Column "E" therein).

From the strike price and expiry date columns (Column "B" and "C" therein) it is clear that a lot of the contracts (with different expiry dates as well as same expiry dates) are overlapping and have been repeated and seem to have been mentioned individually/separately.

If the unique contracts are identified/sorted/not duplicated, the number of contracts entered into by Noticee Nos. 1-30 in totality comes down tremendously to just 129 contracts (taking into consideration the strike price as well as the expiry dates) and to a mere 58 contracts (taking into consideration only the strike price). Please find attached the list of unique contracts identified from Annexure 3. It may be kindly appreciated that, in a number of the contracts traded by Noticee Nos 1-30 as per Annexure 3, the alleged artificial volume created by the Noticee's is minimal. Please find below examples of the same:

Trade Date	Expiry Date	Strike Price	Option Type	Volume contributed by Nirshilp Securities Pvt Ltd and 29 entities	Volume contributed by other entities (trades excluding Nirshilp Securities Pvt Ltd and 29 entities)	Total Volume	Percentage of Volume contributed by Nirshilp Securities Pvt Ltd and 29 entities as compared to total volume
18/02/14	26/02/14	5200	PE	1550	72500	74050	2.09%
15/05/14	29/05/14	7500	CE	9950	13948600	13958550	0.07%
18/09/14	25/09/14	7850	CE	300	34250	34550	0.86%

- x. Further, it may be kindly noted that volumes in Nifty Options across the strike price and expiries is much higher than that allegedly created by the trades in question.
- xi. Your Honour may kindly note that a major part of the above trades have taken place in prior to September 08, 2014 (which is when the amendment to S. 15HA came into effect. It is necessary to point out that prior to September 8, 2014, there was no minimum penalty prescribed for the violation of PFUTP Regulations under the SEBI Act. The amendment to S. 15HA of the SEBI Act prescribing a minimum penalty of Rs. 5,00,000/- was only inserted by the Securities Laws (Amendment) Act, 2014, which came into force on September 08, 2014. There are several orders of Adjudicating Officers where after giving the finding that there was violation of PFUTP Regulations, for the period before/prior to September 08, 2014 (the amendment), nominal penalties as low as Rs. 10,000/- have been levied. Given below is one such case in which penalty of merely Rs. 10,000/- has been imposed under S. 15HA for alleged violation of PFUTP Regulations:
  - a) Adjudication Order dated April 13, 2022 bearing No. Order/BM/LD/2022-2023/16002 in respect of Ashok Kumar Rajgaria HUF in the matter of Illiquid Stock Options BSE as the trades took place prior to the 2014 Amendment a penalty of Rs. 1,50,000/- was levied

- b) Adjudication Order dated January 28, 2022 bearing No. Order /MC/VS/2021-22/14819-14852 in the matter of Era Infra Engineering Limited for the violation of PFUTP Regulations by creating artificial volume and misleading appearance in the scrip the Hon'ble A.O. has levied a penalty as low as Rs. 10,000/- per Noticee as the transactions took place prior to the 2014 Amendment
- c) Adjudication Order NB/AO-28/2010 against M/s Jeet Securities in the matter of Gujarat Hotels and Other Scrips dated April 20, 2010:  
 "35. Considering the facts and circumstances of the case and the violation committed by the Noticee, I find that imposing a penalty of Rs. 10,000/- (Rupees Ten Thousand only) on the Noticee would be commensurate with the violations of provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices), Regulations, 2003 committed by the Noticee.  
 36. I therefore hereby impose a monetary penalty of Rs. 10,000/- (Rupees Ten Thousand only) under Section 15HA of SEBI Act, 1992 on the Noticee viz M/s Jeet Securities."
- xii. Since the SCN and Annexure 3 refer to a number of overlapping and repeated contracts, in respect of the same the charge mentioned in the SCN is not precise and therefore, in that respect, the SCN is extremely vague and ambiguous and ought to be dropped at this stage itself.
- xiii. With regard to the above, the Noticee would like to bring to your Honour's kind attention the order of the Hon'ble SAT in Appeal No.3 of 1998, Application no. 1 of 1999 and 4 of 1998 in the matter of Dhanalakshmi Bank Limited v. SEBI (order dated 20th April, 1999, in which the Hon'ble SAT held that –  
 "the show cause notice issued to the Appellant in the case is vague. The notice merely stated violation of certain provisions of the rule/regulations in a general manner without mentioning the particulars on which the charge against the appellant was based..... An abstract notice like the one in the instant case will not serve the purpose."
- xiv. It may be kindly noted that SEBI has admittedly taken a stand in several matters, where it has been held that in cases where trading has not resulted in the creation of any ill-gotten gains and there is no evidence that the trades in question have affected the interest of any investors in any adverse manner, then such offences amount to and are considered trivial and venial offences/violations.
- xv. With respect to the above, the Hon'ble SAT vide its order dated May 13, 2022 in the matter of Shubham Singhal Vs SEBI (Appeal No. 191 of 2022) observed as under:  
 "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 noticee's / entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticee's and at the same time would help to clear the backlog of these pending matters before various AOs."
- xvi. On being nudged as above by the Hon'ble SAT, SEBI has come out with an easier, even less punitive and lenient Consent Scheme for Settlement, the SEBI Settlement Scheme, 2022 for clients. In illiquid stock options cases, the allegation is of artificial trades resulting in the creation of artificial volume. In these cases SEBI has considered the offence so trivial and venial that it has come out with the SEBI Settlement Scheme, 2022, where such violations are being settled on the basis of number of contracts, as per the table below, even lower than the minimum statutory penalty prescribed by law:

Sr. No.	Number of Contracts	Settlement Amount
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

From the above table it is extremely clear that the settlement fee is based purely on the basis of number of contracts in which such reversal trades in options have taken place. Clearly creation of artificial volume in every single/specific contract is a separate offence Therefore, offences in 5 contracts i.e. 5 separate offences is being settled at Rs. 20,000 per individual offence and offences in 50 contracts i.e. 50 separate offences is being settled at Rs. 4,000 per individual offence. It is obvious that this is way below the statutory minimum penalty of Rs.5,00,000/- for each violation of PFUTP Regulations post the September 2014 Amendment. It needs to be highlighted again that prior to the September 2014 Amendment minimum penalty for PFUTP Regulation violations was zero/nil.

- xvii. Subsequently, SEBI has even come out with a Consent Scheme for Settlement for brokers as well. In these cases also SEBI has considered the offence trivial and venial. In these cases there were alerts to be generated by brokers as per BSE Regulations, which is not the case on NSE platform and therefore the level of due



diligence to be done by the BSE brokers was much higher as BSE had informed the brokers that such types of trades were taking place. However, the SCN makes no such charge against the brokers in the present matter for the trades on the NSE.

Despite the above, even though the charge is far graver on the BSE platform than on the NSE platform (the present matter), SEBI is settling these matters at a settlement amount as low as Rs. 1,00,000/-.

xviii. With respect to the above, even in Long Term Capital Gain cases, where according to SEBI artificial transactions were undertaken resulting in the creation of artificial volume; SEBI's own Information Memorandum on Enforcement Action Policy in LTCG cases dated 29<sup>th</sup> December, 2016 clearly states that, in such LTCG cases pertaining to alleged tax evasion by preferential allottees / beneficiaries would be transferred to the Income Tax Department and SEBI has not even charged the preferential allottees / tax beneficiaries for creation of artificial volume. Copy of SEBI's own Information Memorandum on Enforcement Action Policy in LTCG cases dated 29<sup>th</sup> December, 2016 has been furnished under our previous submissions dated 22.12.2022

xix. SEBI has also disposed off SCNs in hundreds of self-trade cases where allegation was of artificial creation of volume because there was no allegation of any ill-gotten gains and loss caused to any investors. Please find below a table of SCNs disposed off in matters of self-trades.

Sr.No	Details of Show Cause Notice	Exoneration order	Adjudication Officer
1.	SCN no. E&AO/RA/JP/22160/2015 dated August 06, 2015 in the matter of United Sprit Ltd.	AO order no. RA/JP/166-171/2017 dated September 29, 2017	Ms. Rachna Anand
2.	SCN dated May 02, 2016 in the matter of Multi Commodity Exchange of India Ltd.	AO order no. RA/JP/184-188/2017 dated September 29, 2017	Ms. Rachna Anand
3.	SCN no. E&AO/RA/JP/14678/2016 dated May 02, 2016 in the matter of Apollo Tyres Ltd.	AO order no. RA/JP/ 172- 181 /2017 dated September 29, 2017	Ms. Rachna Anand
4.	SCN no. EAD-2/DSR/RG/12470/2015 dated May 06, 2016 in the matter of Aster Silicates Ltd	AO order no. EAD/AO-NP/SJ/50/2017 dated June 22, 2017	Shri Nagendraa Parakh
5.	SCN no. EAD-5/ADJ/SVKM/HKS/OW/31023 /1/2016 dated November 15, 2016 in the matter of Bedmutha Industries Ltd.	AO order no. EAD/AO/BJD/VS/96/2018 dated July 26, 2018	Shri B.J. Dilip
6.	SCN no. EAD-5/ADJ/SVKM/HKS/OW/33577/1/ 2016 dated December 14, 2016 in the matter of Rushil Decor Ltd	AO order no. EAD-5/BS/AO/01/2017-18 dated October 13, 2017	Shri Biju S
7.	SCN SEBI/HO/EAD/EAD6/OW/P/2017/12458/7 dated May 31, 2017 in the matter of Timbor Home Limited	AO order no. EAD-2/SS/GSS/2018-19/792 dated June 29, 2018	Shri Santosh Shukla
8.	SCN dated April 05, 2016 in the matter of SRS Limited	AO order no. PM/NK/2018-19/203 dated May 21, 2018	Shri Prasanta Mahapatra
9.	SCN dated October 31, 2017 in the matter of Inventure Growth & Securities Limited	AO order no. EAD-7/BJD/BKM/95/2018-19 dated July 20, 2018	Shri B.J. Dilip
10.	SCN dated June 05, 2013 in the matter of Servalakshmi Papers Limited.	AO order no. EAD-2/DSR/RG/07/ 2013 dated November 27, 2013	Shri D. Sura Reddy
11.	SCN dated September 11, 2017 in the matter of Orissa Minerals Development Company Limited	AO order no. WTM/AB/EFD-1/DRA-1/11/2018-19 dated December 28, 2018	Shri Ananta Barua

xx. Therefore, from the above it is clear that in cases where allegedly artificial volume has been created via alleged non genuine trades and where trading has not resulted in the creation of any ill-gotten gains and there is no evidence that the trades in question have affected the interest of any investors in any adverse manner, SEBI considers the same as trivial and venial violations.

xxi. SEBI has issued administrative warnings to several entities who allegedly had indulged in Synchronized Trades, LTP Contribution and creation of artificial volume. SEBI had issued only administrative warning on the ground that those Noticee's did not make any ill-gotten gains.

- xxii. It may be kindly noted that in the present matter the charge against the present Noticee is only of alleged creation of artificial volume (volume manipulation). Further, the SCN does not allege any ill-gotten gains.
- xxiii. A few of such instances of administrative warnings are as follows:
- Letter No. IVD/ID1/GPIL/MS/BD/8929/2010 dated June 15, 2010 in the name of M/s H J Securities Pvt. Ltd.- Investigation in the case of Godawari Power and Ispat Ltd.
  - Letter No. IVD/ID2/PS/BS/GKCL/168144/09 dated June 30, 2009 in the name of Toshit Securities (P) Ltd.- in the scrip of GK Consultants Ltd.
  - Letter bearing no. IVD/ID-3/GR/SGP/SPL/167407/2009 dated June 23, 2009 issued to Shreehari Hira Stock Broking Pvt. Ltd.- Investigation in the case of Shalimar Production Ltd.
  - Letter bearing no. IVD/ID3/GR/JD/POCL/152083/2009 dated January 27, 2009 issued to M/s Arihant Capital Markets Ltd.- Trading in the scrip of Pondy Oxides & chemicals Ltd.
- Copies of the above administrative warnings has been furnished under our previous submissions dated 22.12.2022.
- xxiv. It may kindly be noted that even in more serious offences of manipulation looking to the fact of no ill-gotten gains, SEBI had only issued advisory to be more vigilant and to take care in the future.
- xxv. With reference to the above, the Noticee brings to your kind notice the Order no. WTM/SR/IVD/ID-3/20/02/2015 dated February 10, 2015 passed by the WTM Shri. S. Raman, in the scrip of Crazy Infotech Limited. The brief facts of the case were that during the period January 21, 2004 to March 31, 2005, price the scrip was in the range from ` 0.57 to `2.76/- with daily average volume of 16,270 shares and three months prior to the investigation period i.e. from January 1, 2005 to March 31, 2005, price the scrip was in the range from `1.64 to `2.74/-. However, it was observed that during the investigation period (i.e. from April 1, 2005 to December 31, 2007), price the scrip increased from `1.99 to reach a high of `268/- on September 28, 2007 and later closed at `255.80 on December 31, 2007. After the investigation period, price the scrip fell sharply to close at `21.5/- on March 27, 2008. The WTM observed the pattern of transactions executed by the connected entities. Those entities had indulged in self trades and also traded in circular/reversal/synchronized/structured pattern, which resulted into artificial volume and price rise in the scrip of Crazy Infotech. Out of the entire 823 connected entities identified by the investigation department, ..... SEBI issued administrative warning to the aforesaid 780 entities in May 2011, advising the entities to take care in future and to be more vigilant, in the manner they execute trades, so their trades do not compromise market integrity in any manner.
- In the above matter, no other adverse action was taken.
- xxvi. It may be of utmost importance to state that if your Honour considers the present offence to not be trivial/venial and technical as SEBI has considered in cases of Illiquid Stock Options on BSE (Settlement Scheme, 2022), then it would necessarily mean and imply, that not only the decision of SAT in the matter of Shubham Singhal Vs SEBI (Appeal No. 191 of 2022) but also SEBI's decision to follow the directions of SAT and come out with an attractive scheme (Settlement Scheme, 2022) was wrong, as the charge alleged in these matters of violation of PFUTP for non-genuine trades creating artificial volume in Illiquid Stock Options on the National Stock Exchange (NSE) is exactly the same, the alleged nature, category and class of these trades are exactly the same, with the only difference being the platform exchange on which the trades took place.
- xxvii. In fact the Noticee has in its letter dated November 9, 2022 clearly demonstrated that the trades in question are of the exact same alleged nature and fall in the same category as those on the BSE exchange for which the Settlement Scheme has been introduced:
- The present SCN in illiquid stock option matter on the NSE platform states that—  
“11. It was observed that the entities of group 1 were trading with each other through synchronized trades in illiquid options. All the 11 entities (Noticee's 1 to 11) have entered into self trades. It is alleged that there was a predetermined arrangement to square of the trades and book profits and losses respectively. Therefore, it is alleged that the about trading behaviour demonstrates that Noticee's 1 to 11 and Noticee 30 were not trading in the normal sense and ordinary course, is the trades are not genuine trades.”
  - Other SCNs in illiquid stock option matters on the BSE platform states that -  
“In view of the foregoing, it is alleged that the Noticee, by indulging in execution of reversal trades in stock options with the same entities on the same day, which were non-genuine in nature, has created false or misleading appearance of trading in the aforementioned contracts traded in the option segment of BSE. In view of the fact that these options contracts were illiquid in nature, having very small volume and trading, the Noticee allegedly created artificial volumes in stock options which was manipulated and deceptive in nature...”  
“In view of the foregoing, it is alleged that, the noticee, by indulging in placing synchronized orders and executing non—genuine reversal trades in a liquid stock option which is the same entity within a few seconds, created false and misleading appearance of trading in stock options and therefore violated regulation 3 (a), (b), (c) and (d) and Regulations 4(1) & 4(2)(a) of PFUTP Regulations, 2003...”
- xxviii. From the above it can clearly be seen that the allegations and the alleged nature of the trades in the case of our SCN is same as the BSE cases (reversal non-genuine trades in Illiquid Options). The alleged nature, category and class of the trades are exactly the same (the only difference being the platform exchange on which the trades took place).

- xxix. *The alleged offence is not repetitive. The Noticee's have never been previously charged in this matter nor any other similar matter. Therefore, one of the main conditions under S.15J of the SEBI Act for levy of penalty is not satisfied as per the SCN itself. Therefore, it is prayed that the present SCN may kindly be dropped without levying any penalty.*
- xxx. *According to the SCN, it is not the case that other investors have got carried away or have been misled due to the trades carried out by the Noticee. Further, there is no allegation that any third party/investor has suffered any loss due to the transactions carried out by the Noticee nor does the SCN identify the possible motive of carrying out the alleged artificial volumes and non-genuine trades. There is also not allegation of the Noticee's making any ill gotten gains.*
21. *In view of the above submissions, the Noticee requests your Honour to kindly drop the present proceedings against the Noticee and in the alternative to consider all the submissions and precedents cited by the Noticee, and if at all your Honour decides to proceed in the present matter inspection of all documents mentioned above and in our previous submissions ought to be given in the interest of natural justice.*
22. *It is humbly submitted that it is the duty of the quasi-judicial authorities to take all submission/arguments/grounds of the Noticee into consideration and appropriately deal with the same. Further, all questions/issues posed or raised by the Noticee have to be dealt with by the quasi-judicial authority. The quasi-judicial authorities do not have the liberty to ignore or not consider or not deal with the submissions/arguments/grounds put forward by the Noticee. If any submission/argument/ground taken by the Noticee is rejected by the quasi-judicial authority, reasons for the same must be given. If any submission/argument/ground is ignored or not taken into consideration the same is violation of natural justice. With respect to the same the Noticee would like to rely on the following judgment.”*  
*(i) In Yatin Pandaya HUF (Appeal No. 719 of 2021) dated December, 16, 2021, the Hon'ble Securities Appellate Tribunal held that all the grounds and arguments taken by the Noticee have to be appropriately dealt with by the quasi-judicial authority and all questions which are posed for determination have to be appropriately decided. Relevant portion of the order is as follows:*  
*“We find that a specific plea was raised by the appellant that the proceedings initiated are belated and in support of this submission, had relied upon certain decisions of this Tribunal which has been indicated in paragraph 4 and 5 on page 47 and 48 of the appeal paper book which is part of the impugned order. In spite of making a specific assertion, the Adjudicating Officer (“AO”) has dealt issue-1 in paragraph 12 in a very casual manner without dealing the contention raised by the appellant. Prima facie in our view this amounts to judicial dishonesty.”*  
*In the same matter by its Order dated 23 December, 2021, Hon'ble Securities Appellate Tribunal held that:*  
*“By our order dated December 16, 2021 we had directed the Adjudicating Officer (“AO”) to file an affidavit and inspite of the direction no such affidavit has been filed. This itself amounts to contempt the proceedings of this Tribunal. However, we adjourn the proceedings and give an opportunity to the appellant to produce an order of the Supreme Court within four weeks from today as desired by them. List on January 27, 2022 on which date the AO will be present before this Tribunal.”*
23. *Further, it maybe kindly noted that the above orders cited are binding and must be followed. In this regard, the Noticee would like to submit that judicial precedents are binding on all judicial bodies and all judicial bodies should follow such precedents in similar matter without any reservations. In numerous cases, the Hon'ble Securities Appellate Tribunal has held that in adjudicating proceedings, if a party relies on any adjudication order passed in another case, then judicial discipline demands that the Adjudicating Officer considers that order and thereafter passes an order either to follow or distinguish the earlier order or disagree with the order by recording reasons as to how that ought not to be followed. One such order of Hon'ble SAT was passed on August 7, 2014 in the matter of R.M. Shares Trading Private Limited vs. SEBI (Appeal No. 204 of 2014). Your Honour's attention is also drawn to order dated April 20, 2016 of Hon'ble SAT in the matter of M/s Krishna Enterprises v SEBI (Appeal No. 131 of 2015), wherein it was held that passing conflicting orders would not promote the development of securities market and would not be in the interest of the securities market. In the present matter, SEBI must apply the principle of Judicial discipline, in light of above decisions relied upon.*
24. *Lastly, your Honour is kindly requested to appropriately all the relevant questions/issues in a reasoned manner including the following:*
- a. *Whether the alleged violations in the present matter are the same as the allegations in BSE Illiquid Option cases*
  - b. *Whether SEBI itself it has considered the alleged violations in the BSE Illiquid Option cases as trivial and has therefore offered the Settlement Scheme 2022, where the settlement amount is approximately 20% of the statutory minimum penalty of Rs.5,00,000/-*
  - c. *Whether a major part of the trades in question in the present matter are of a period prior to September 2014, when there was no minimum statutory penalty on violations of PFUPT Regulations. In other words the minimum penalty leviable was nil/zero*
  - d. *In the facts and circumstances of the case whether this is a fit case to levy a collective/ joint and several penalty on the Noticees mentioned in this reply, namely Noticee Nos. 1-11, 26, 30, 33-35; if they are found guilty*
  - e. *Whether your Honour should proceed in the matter in view of the fact that some of the Noticees are presently engaged with SEBI to accept their Settlement Application under the Settlement Scheme, 2022, of which benefit has been given in other similar cases.*
  - f. *Whether, in the view of over 7 years of delay in issuing the SCN, the present matter ought to be disposed off*

- g. Whether inspection stands complete in the matter, although relevant documents requested for by the Noticees, which have a clear direct bearing on the present matter, [For example SEBI's Board Agenda Notes approving the Settlement Scheme, 2022 for clients as well as 150 Brokers and is extremely relevant to the present proceedings as the alleged nature, category and class of the trades in the present matter are exactly the same (the only difference being the platform exchange on which the trades took place) to the BSE Illiquid cases], have not been furnished to the Noticees
- h. Whether your Honour would be correct in considering levy of penalty when there isn't any allegation of ill-gotten gains or loss caused to any investors

## Submissions of Noticees 12 to 18 and 31:

1. The Noticee is in receipt of the captioned Show Cause Notice bearing reference no. EAD5/MC/HP/4766/ 2022 dated February 04, 2022 (hereinafter be referred to as, the "Notice / SCN") in the matter of trading activities of certain entities in Index options contracts of NIFTY. Vide the SCN your goodself has called upon the Noticee, to show cause as to why an inquiry should not be held against it in terms of Rule 04 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter be referred to as, the "Adjudication Rules") read with Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter be referred to as, the "SEBI Act"), and penalty should not be imposed in terms of Rule 05 of the Adjudication Rules and the provisions of Section 15HA and 15HB of SEBI Act.
2. In the aforesaid Notice, it has inter alia been alleged that the Noticee indulged in execution of synchronization of trades in NIFTY Options Contracts with Nirshilp Securities Private Limited (hereinafter referred to as "Noticee No. 30/counterparty") after a gap of 01 trading day. The major allegation levied upon the Noticee in the Notice is the execution of 12 alleged non-genuine trades in 05 NIFTY Options contract, of which its trades were matched with Noticee No. 30 in all the contracts. It has been alleged further that such trades were non-genuine and fictitious in nature and Noticee herein articulated its trading strategy in such a way that Noticee No. 30 always incurred Negative square off difference and Noticee herein incurred Positive squared off difference during the period January 01, 2014 to January 01, 2015 (hereinafter be referred to as, the "Investigation Period/IP"). Thus, the SCN alleges that Noticee violated Regulations 3(a), (b), (c) and (d) and 4(1) and 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter be referred to as, the "PFUTP Regulations").
3. At the outset, it is submitted that the Noticee does not accept or admit anything stated in the Notice except where the same is expressly admitted by the Noticee in this reply. Nothing stated in the SCN shall be deemed to be admitted by Noticee merely on account of non-traverse and unless the same is specifically admitted by it herein.
4. At the further outset, the Noticee submits that all the allegations mentioned in the Notice, are baseless, bald, sweeping, vague, unfounded, misconceived and speculative, based on assumptions, surmises and conjectures and are completely contrary to factual position on record.
5. Further, the Noticee denies that, they have violated any of the provisions of SEBI Act, Regulation 03 and 04 of the PFUTP Regulations and there is no basis/ material for the same. It is further submitted that the Noticee has not indulged in any fraudulent and unfair trade practices relating to the securities so as to warrant any kind of directions under provisions of SEBI Act, 1992. The Noticee humbly submits that its trading at National Stock Exchange of India Limited (hereinafter referred to as "NSE") is genuine, bonafide and executed in complete compliance with all the guidelines and directions of SEBI and Exchanges.
6. Submissions regarding non-adherence to and violation of the Adjudication Rules:
  - a. At the outset and without prejudice to the below submissions, it is brought to your goodself's notice that the SCN has been issued in apparent disregard to the procedure established under the Adjudication Rules. From the perusal of the SCN it can be seen that it is a composite notice where the addressee/noticee has been directed/required to show as to why no inquiry should be held and why penalty should not be imposed at the same point of time while the Adjudication Rules requires issuance of notice to show cause firstly, as to why an enquiry should not be held and secondly, as to why the penalty should not be imposed. It is submitted that the scheme of Rule 04 of the Adjudication Rules provides for two separate and distinct stages of the proceeding, one being a show-cause as to why an enquiry should not be held and only after arriving at an opinion that an enquiry is required to be held, the other notice as regards the penalty to be imposed can be made. The composite SCN, as issued in the present case, by which the two stages of the proceeding was amalgamated into one would not be maintainable as the second stage of issuing the notice for penalty requires the satisfaction of the condition precedent of there being an opinion formed that the enquiry is required to be held and hence the SCN itself has been issued in complete disregard to the procedure established under the law for which the SCN deserves to be withdrawn altogether.
7. Submissions regarding non-adherence and violation of the principles of natural justice:
  - a. It is humbly submitted that the complete materials/documents in support of the aforesaid allegations have not been made available to the Noticee. Due to the unavailability of all such documents/material based on which the allegations have been levelled against the Noticee, it renders the Noticee ill-equipped to effectively defend

the charges levelled against upon in the Notice. Failure to provide such material to the Noticee is bad in law and contrary to the settled principles of natural justice.

- b. However upon the perusal of the allegations levied against it in the Notice, the Noticee through its authorized representative's letter dated February 21, 2022, January 14, 2023 and August 02, 2023 had requested certain documents/materials/statements which were referred to and relied upon by SEBI in issuance of the Notice. Your goodself has rejected the bonafide request of the Noticee vide your goodself's email dated August 04, 2023 and such rejections has led to violations of principles of natural justice in the present matter.

Hereto marked and annexed as Annexure – "A" (Colly) is a copy of the above mentioned letters requesting documents on behalf of the Noticee.

Hereto marked and annexed as Annexure – "B" is a copy of the email received from your goodself dated August 04, 2023.

- c. Therefore, the Noticee hereby, in the interest of principles of natural justice, once again makes a request to your goodself's to provide the Noticee with the copies of the following documents to enable it to file a detailed and appropriate reply to the captioned SCN:
- i. Copy of the complete investigation report.
  - ii. Copy of all the material placed before the Board and the Ld. Adjudicating Officer and the file notings for coming to a decision regarding there being sufficient grounds to issue the SCN and to initiate an "inquiry" against Our Clients regarding the alleged violation and/or imposition of penalty.
  - iii. Copy of the file notings of concerned departments and authority dealing with the judgment of Hon'ble Tribunal dated February 11, 2005 in the matter of Viram Investments Private Limited vs. SEBI (Appeal No. 160 of 2004).
  - iv. Copy of the complete order log and trade log for the investigation period i.e. January 01, 2014 to January 01, 2015 in both National Stock Exchange of India Limited (hereinafter referred to as the "NSE") and BSE.
  - v. Extract and complete information of the alleged trades executed by Our Clients in all the scrips/options during January 01, 2014 to January 01, 2015 in both NSE.
  - vi. Complete details of the options in which Our Clients had traded during the investigation period in both BSE and NSE.
  - vii. Price movement with time stamps in all the scrips in which trades have been executed by Our Clients during the investigation period in both NSE and BSE
  - viii. Relationship of Our Clients with counter parties broker/counter party client/s in the alleged transactions executed by Our Client.
  - ix. Records/recording of order placement by Our Client with the concerned broker.
  - x. Order book maintained by the Broker for Our Client.
  - xi. Any other documents/material relied upon while issuing the SCN for the alleged violation in the captioned matter.
  - xii. Volatility index in the underlying scrips of the options in which trades have been executed by Our Clients during the investigation period in both NSE and BSE.
  - xiii. Copy of evidence to show that the alleged trading of Our Clients has caused any damage to any other investors/group of investors or impacted the market integrity in any other manner or that Our Clients has influenced the market.
  - xiv. Copies of the file noting of officers dealing with the Our Clients' earlier requests for documents and settlement of the present matter.
  - xv. Copies of SEBI Board's Agenda Notes and Minutes of the Meeting where the decision regarding approving of the Settlement Schemes for individuals was taken.

- d. In this regard, the Noticee would like to draw your goodself's attention to the observation of the Hon'ble Supreme Court of India in the matter of T. Takano vs. Securities and Exchange Board of India, Civil Appeal No. 487-488 of 2022, wherein Hon'ble Apex Court held that:

"The appellant has a right to disclosure of the material relevant to the proceedings initiated against him. A deviation from the general rule of disclosure of relevant information was made in Natwar Singh (supra) based on the stage of the proceedings. It is sufficient to disclose the materials relied on if it is for the purpose of issuing a show cause notice for deciding whether to initiate an inquiry. However, all information that is relevant to the proceedings must be disclosed in adjudication proceedings;

... (iii) The disclosure of material serves a three- fold purpose of decreasing the error in the verdict, protecting the fairness of the proceedings, and enhancing the transparency of the investigatory bodies and judicial institutions;"

Hereto marked and annexed as Annexure – "C" is a copy of the order in the matter of T. Takano vs. Securities and Exchange Board of India.

- e. Reliance has also to be brought on the case of Kanwar Natwar Singh vs Directorate of Enforcement &Anr., (MANU/SC/0795/2010) where the Apex court held that:

A Noticee is always entitled to satisfy the Adjudicating Authority that those very documents upon which reliance has been placed do not make out even a prima facie case requiring any further inquiry. In such view of the matter, we hold that all such documents relied on by the Authority are required to be furnished to the Noticee

enabling him to show a proper cause as to why an inquiry should not be held against him though the Rules do not provide for the same.

Hereto marked and annexed as Annexure – “D” is a copy of the order in the matter of Kanwar Natwar Singh vs. Directorate of Enforcement &Anr.

- f. It is submitted that the aforesaid pending documents/information with SEBI shows that the data provided by SEBI in the Notice is just the tip of the iceberg and various relevant information and data remains undisclosed by SEBI. Thus, it is submitted that it would not be possible for the Noticee to present a comprehensive reply as demanded by your goodself, without the aforesaid information. The same is a gross violation of Natural Justice, and therefore the entire SCN should be quashed and set aside on this ground alone.
  - g. Therefore, since the relevant documents/materials as demanded by the Noticee are not provided to it till the date of the present reply, it is not possible for the Noticee to present a complete and appropriate reply. The Noticee once again requests your goodself's to concede to its request and provide it with the necessary documents as sought by the Noticee. In light of the fact that presently no documents as sought by the Noticee vide the letters dated February 21, 2022, January 14, 2023 and August 02, 2023 have been provided to it, the Noticee is therefore limiting its submissions strictly on the basis of the documents available on record. The Noticee reserves its right to file additional submissions upon the perusal of the documents, if any, provided by your goodself.
8. Submissions regarding lack of evidence in support of the contents of the SCN:
- a. It is to be noted that the captioned SCN observed synchronization of trades in stock options segment of NSE. However, it is submitted that since no documents in support of the aforesaid contention in the Notice has been provided by your goodself the Noticee is constrained from making its submission in regard to the same.
  - b. It is also to be noted that SEBI conducted investigation into the trading activities of certain entities in Index options contracts of NIFTY from period January 01, 2014 to January 01, 2015. Since no material documents or details about the alleged investigation or the investigation report itself have been provided, therefore it is presumed that no such data or documents exists. In this light, it is submitted that the Noticee has been constrained to file the present reply to the captioned SCN.
  - c. Further, it is submitted that the Noticee denies and disputes any investigations in the matter as the SCN is totally silent and has not provided any material to show proof of any investigation which was carried out. The Noticee further submits that it is not in a position to verify the total trades that were carried out during the investigation period. The Noticee submits that no material whatsoever has been supplied substantiating the claim. Therefore, the present reply has been filed based on the material available on record as provided by SEBI.
  - d. The Noticee submits that along with the SCN the details of only few trades of Noticee have been provided as “Annexure 5” and the data along with the SCN does not provide the details of trades of any other entity, which makes the allegations of the SCN baseless and therefore cannot be relied upon by the Ld. Adjudicating Officer while conducting the present proceedings. Further, the extracts of trades provided along with the SCN are not legible and same cannot be relied upon by the Noticee and the same cannot be relied upon by the Ld. Adjudicating Officer for the present proceedings. The data supplied along with the SCN does not bring out the necessary circumstances under which the orders were placed by the Noticee or executing these trades which were sought by the Noticee however they have not been provided. In the present matter there is no material evidence or proof to reflect upon the conduct and the manner in which the alleged trades were executed.
9. Submissions regarding delay in the present proceedings:
- a. The Noticee submits that there is a long unexplained delay in initiation of proceedings against it. The Noticee would also like to draw your attention to the facts that the investigation period in the instant case is 2014-2015, more than 8 years back from the date of issuance of SCN i.e., February 04, 2022. An important facet of principles of natural justice is that the action must be commenced within a reasonable period of time and inordinate delay of many years in initiation of proceedings is a violation of principles of natural justice as it leads to difficulties for the alleged delinquent in properly defending the case.
  - b. It is submitted that considerable time has lapsed since the Investigation period and it is not humanly possible for the Noticee to recollect the reason or details which might have influenced its decision to carry out the Impugned trades. Further, it is pertinent to mention here that investigation itself has been conducted in the year 2021 i.e. after almost 07 years of the relevant Investigation Period. The inordinate delay in initiation of the present proceedings and the investigation has caused prejudice to the Noticee and has impeded on the ability of the Noticee to present a constructive reply and defend the charges levied against it.
  - c. It is further submitted that the details of the Impugned trades as well as the necessary documents are not available with the Noticee as the mandatory period of preservation as provided under the Income Tax Act has also elapsed.
  - d. The Noticee would also like to draw your attention to the Order of the Hon'ble Securities Appellate Tribunal in the matter of Libord Finance Ltd. vs. SEBI, 2008 86 SCL 72 SAT, in which it was stated that:  
“We cannot resist observing that there has been an inordinate delay in initiating action against the appellant. It is alleged to have committed the irregularities in the earlier part of the year 1996 and the show-cause notice was admittedly issued in June 2004. How could anyone file a proper reply after a lapse of more than eight

years? This long delay itself causes grave injustice to the delinquent and results in the violation of the principles of natural justice. Such delays defeat the very purpose of the proceedings.”

Hereto marked and annexed as “Annexure E” is a copy of the order in the matter of Libord Finance Ltd. vs. SEBI.

e. The Noticee would also like to draw your attention to the Order of the Hon’ble Securities Appellate Tribunal in the matter of HB Stockholdings Limited vs. Securities and Exchange Board of India [Appeal No. 114 of 2012] which states as under:

“...It was further held that inordinate delay in conducting inquiries hangs like Damocles’ sword on market players and has a rather demoralizing effect on them when they are ultimately exonerated of all charges. In the case in hand too we note that an unexplained delay of around 13 years taints the entire process of the investigation conducted by SEBI....”

Hereto marked and annexed as “Annexure F” is a copy of the order in the matter of HB Stockholdings Limited vs. Securities and Exchange Board of India.

f. Through various judgments this Hon’ble Tribunal has made its stand very clear in this particular issue that there cannot be an inordinate delay in initiation of the proceedings even though there is no period of limitation prescribed in the Act and Regulations. In Ashlesh Gunvantbhai Shah vs. SEBI on January 31, 2020 (Appeal no. 169 of 2019) the Hon’ble Tribunal held that:

“14. We also find that in the case of Ashok Shivlal Rupani (supra) the period of investigation was January 4, 2010 to January 10, 2011 in the script of M/s. Oregon Commercial Ltd. and the show cause notice issued on November 20, 2017 which this Tribunal held that there was an inordinate delay. In the instant case, the same script was investigated for the same period and there is a delay of 7 years in issuing the show cause notice. To this extent, the facts are common. Further, Civil Appeal No. 8444 – 8445 of 2019 Securities and Exchange Board of India vs. Ashok Shivlal Rupani & Anr, etc was dismissed by the Supreme Court on November 15, 2019 thus affirming the decision of this Tribunal.

15. In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice. Even though there is no period of limitation prescribed in the Act and Regulations in the issuance of a show cause notice or for completion of the adjudication proceedings the authority is required to exercise its powers within a reasonable period as held recently in Adjudicating Officer, Securities and Exchange Board of India vs. Bhavesh Pabari (2019) SCC Online SC 294. In the instant case, we are of the opinion that the power to adjudicate has not been exercised within a reasonable period and therefore no penalty could be imposed.”

Hereto marked and annexed as “Annexure G” is a copy of the order in the matter of Ashlesh Gunvantbhai Shah vs. SEBI.

g. Similar view was taken by this Tribunal in Mr. Rakesh Kathotia & Ors. vs. SEBI (Appeal No. 7 of 2016) decided by this Tribunal on May 27, 2019. The relevant paragraph is extracted herein below: -

“23. It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs. Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court in Bhavnagar University v. Palitana Sugar Mill (2004) Vol.12 SCC 670, State of Punjab vs. Bhatinda District Coop. Milk P. Union Ltd (2007) Vol.11 SCC 363 and Joint Collector Ranga Reddy Dist. & Anr. vs. D. Narsing Rao & Ors. (2015) Vol. 3 SCC 695. The Supreme Court recently in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294 held:

“There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc.”

Hereto marked and annexed as “Annexure H” is a copy of the order in the matter of Mr. Rakesh Kathotia & Ors. vs. SEBI.

h. The inordinate delay in the present proceedings is causing serious prejudice to the Noticee. Hence, the present proceeding cannot sustain and is liable to be quashed.

10. Submissions regarding no connection with any person / entity in the SCN:

a. In order to allege the synchronization of trades in the market, it is imperative to show that parties carrying out the trades (alleged to be synchronized in nature) were connected to each other or at least shared a common objective of synchronizing their trades and with this common objective they carried out trades which were not genuine or which did not intend real trading.

b. Therefore, it is necessary to prove that two contracting parties had struck a deal beforehand, i.e. there was meeting of minds between the two contracting parties. It is submitted that the Noticee was completely unaware of the identity of the actual seller and counter party broker, there cannot be any question of meeting of minds. In fact no evidence or averments has been put forth in the SCN to suggest that the Noticee had any prior consensus or there existed a meeting of minds with the counter party.

- c. Further it is almost impossible to know the identity of the parties in a screen-based transaction. The position has been accepted and affirmed by SEBI before the Joint Parliamentary Committee (JPC) on Stock Market Scam and matters relating thereto, 2001, which tabled its report in the Parliament in December, 2002. In the report it has, *inter alia*, been stated:  
 “SEBI has also confirmed that in the screen based trading that is prevalent in the stock exchange now, the buyer or the broker will not be aware of the identity of the seller or the broker.”
- d. The SCN alleges the trades with the counterparty were synchronized. It is submitted that synchronization is ipso facto not illegal even under the SEBI Act and SEBI Regulations. SEBI had before JPC, *inter alia*, stated: “SEBI has since confirmed that synchronized deals are ipso facto not illegal.”
- e. The aforesaid position is also clear from the fact that SEBI itself recommends several kinds of transactions, which would be capable of synchronizing as valid and legitimate stock market transactions. For instance, SEBI recognizes the concept of negotiated deal i.e. a deal which is struck between the buyer and the seller outside the mechanism of the Stock Exchange, wherein the buyer and seller agree upon quantity, price and the terms of the settlement. In this regard it will be pertinent to advert to SEBI Circular No. SMDRP/POLICY/CIR-32/99 dated September 14, 1999 pertaining to Negotiated Deals. In the said Circular, it was *inter alia* stated that: “All negotiated deals (including cross deals) shall not be permitted in the manner prescribed in circulars mentioned above and all such deals shall be executed only on the screens of the exchanges in price and order matching mechanism of the exchanges just like any other normal trade.  
 Provided, however, that Foreign Institutional Investors (FIIs) can avail of the provisions of the special bargains on the exchanges in accordance with their bye-laws or obtain suitable exemptions from exchanges for purchases or sales between FIIs in such companies where the ceiling of FII investment of 24% or 30 % as the case may be, has been reached.  
 The above decision was taken as negotiated deals avoid transparency requirements, do not contribute to price discovery and some investors do not have benefit of the best possible price and militate against the basic concept of stock exchanges, which are meant to bring together a large number of buyers and sellers in an open manner.”
- f. Thus in terms of the said Circular, there is no bar on executing the negotiated deals but once a negotiated deal is struck, SEBI obliges that the same be notified to the concerned Stock Exchanges. It is submitted that when a negotiated deal is entered into on the trading screen, there will be meeting of minds of both the Buyer and the Seller, who would simultaneously be aware of the fact that the transaction is being entered on the trading screen in terms of their agreement. Therefore, it necessarily implies that, both buyer and seller would simultaneously enter their sell and purchase transaction at the agreed price on the screen in order to conclude the transaction. This transaction would necessarily be a synchronized transaction. Thus, SEBI itself permits synchronized trading.
- g. It is further submitted that the Noticee did not have any relation/connection with the counterparty mentioned in the Notice. The trades were done in normal course devoid of any mala fide intentions and knowledge of any such alleged scheme as carved out in the Notice.
- h. The Notice has failed to appreciate that the anonymous systems of the Exchange do not allow a transacting party to know the details of the counter party and therefore the allegation of executing synchronized trades cannot hold good. It is submitted that the Noticee never knew that the trades were in the nature of synchronized trades before receiving the Notice and scrutinising the Annexures thereto.
- i. It is thus submitted that assuming whilst denying that even if any such scheme as described in the Notice was being executed, the Noticee did not have any knowledge about the same and was merely trading in normal course of business. Apart from that the Noticee has absolutely no connection/relation with any other person/entity alleged in the Notice.
- j. It is further submitted that, the Notice has also failed to bring out any connection between the Noticee and the other persons/entities mentioned in the Notice, including the counter party broker or the counter party client. Therefore, by no stretch of imagination, it can be presumed that, the Noticee had any relationship/nexus/prior meeting of mind with any entities involved in the said trades in options.
- k. A serious charge of fraud and manipulation cannot be levelled merely on the possibility of synchronization of trades. There has to be some collusion / connection / relation / nexus / prior meeting of minds to be shown so as to substantiate such trading between the entities.
- l. In fact the aforesaid letter seeking documents, the Noticee specifically sought your goodself to provide any such document/material that shows any such relation/connection with the counter party broker or the counter party client and the same was never provided. Therefore, it is presumed that no such data or documents exists since the Ld. Adjudicating Officer has himself not provided any such document as annexure along with the SCN or on the request of the Noticee.
- m. Thus, it is submitted that the trades in question, by the Noticee were carried out devoid of any connection with the respective counter party.
- n. There was no nexus or consensus between the Noticee and the counter-party, which is a necessary pre-requisite for any allegation of synchronization of trades.
- o. It is further submitted that, in order to establish charges of fraudulent trading or violation of PFUTP Regulations, it is a settled principle of law that there must exist some collusion between the parties to the trades. In this



context, you goodself's attention is invited to the following judgments rendered by the Hon'ble Securities Appellate Tribunal:

- p. In the matter of *M/s. Jagruti Securities Ltd vs. Securities Exchange Board of India* has clearly held that: "...we are of the view that in an artificial trade there has to be collusion between the buyer and the seller and in absence of any collusion, the trade cannot be termed as artificial." (Emphasis Supplied)

Hereto marked and annexed as "Annexure I" is a copy of the order in the matter of *M/s. Jagruti Securities Ltd vs. Securities Exchange Board of India*.

- q. Further in the judgement of *Vintel Securities Pvt. Ltd vs. SEBI, Appeal No. 219/2009* order dated November 23, 2009 the Hon'ble tribunal went on to state that: -

... "A serious charge of fraudulent and unfair trade practice has been established against the appellant without dealing with the trades executed by it. The adjudicating officer has given no reason whatsoever in support of his conclusion. He has found the Appellant guilty...without showing as to how it was acting in tandem with others. This is not the way in which such charges are established. It is not enough to say that that appellant is guilty of charge. The impugned order must show how the charge stands established. The least that was required was that the adjudicating officer should have dealt with the trades executed by the Appellant and demonstrated as to how the scrip in question was manipulated and the role which the Appellant played in the manipulation. It is not in dispute that it was only the appellant but several other entities were also involved in the manipulation. In absence of any specific finding in regard to the manner in which the Appellant traded in the scrip in question we cannot uphold the impugned order. Consequently the same is set aside..." (Emphasis Supplied)

Hereto marked and annexed as "Annexure J" is a copy of the order in the matter of *Vintel Securities Pvt. Ltd vs. SEBI, Appeal No. 219/2009* dated November 23, 2009.

- r. As seen herein above, the charge of synchronization of trades necessarily involves the meeting of minds, implying thereby that two parties colluded with each other for entering into artificial trades. It is submitted that the literal meaning of the word 'collusion' as per the *Black's Law Dictionary* (St. Paul, Minn. West Publishing Co., 1990, Sixth Edition) is "an agreement between two or more persons to defraud a person of his rights by the form of law, or to obtain an object forbidden by law". The term "Collusion" is also defined as "conspiracy; agreement formed with the intent to defraud (Law)".

- s. From the above, it can be concluded that following are the ingredients that one needs to prove for alleging the charge of collusion:

- There should be an agreement among two or more than two people.
- The agreement should be secretive.
- The agreement should be made with an intent of doing something illegal such as defrauding or doing something for disadvantage of others or for something, which is not permitted by law.

- t. Further, in this connection, it is relevant to note the observation of the Administrative Law Judge of US Securities Exchange Commission in the case of Carole. L. Haynes, that in order to establish the liability for collusion, one has to establish that:

- the existence of primary violation;
- "knowledge" requirement. i.e., the parties colluding had general awareness that his role was part of overall activity that was improper and
- that the parties colluding had substantially assisted the principal violation.

- u. It is a humble submission of the Noticee that nothing of the sort, as is required in terms of the settled principles for alleging the charge of collusion, has been established in the Notice. It is submitted that when viewed from the said legal position, there is nothing on record to show that:

- Any prior understanding/agreement with the entities mentioned in the Notice, who allegedly adopted such modus operandi, which was prima facie illegal.
- Agreement to defy the law or to cause harm to anyone or to carry out any illegal object.
- Most importantly, the Notice fails to bring out any evidence, which could possibly prove any connection between the Noticee and other persons/entities to the alleged manipulative scheme.

- v. Therefore, from the above it can be fairly concluded that nothing has been shown in the Notice to make good the allegation of synchronized trades against the Noticee. The Noticee submits that the Notice fails to produce the requisite evidence in support of the charge and the same demolishes the very basic premise of the Notice.

11. Submissions in respect of the alleged trades of the Noticee:

- a. It is reiterated that in the aforesaid letters seeking documents the Noticee had sought from your goodself documents/materials that were imperative for it to understand the allegations and make appropriate defence. It is to be noted that the complete trade log and order log of all the trades in options during the examination period is imperative for the purpose of giving an appropriate reply/defence to the Notice.

- b. It has been alleged in the SCN that the Noticee entered into synchronized trades with the counterparty and the same is based on a single premise that the Noticee had predetermined arrangement with the counterparty. However, it must be reiterated here that the Notice has failed to bring out any connection between the Noticee and the other persons/entities mentioned in the Notice, including the counter party broker or the counter party client. Therefore, by no stretch of imagination, it can be presumed that, the Noticee had any relationship/nexus/prior meeting of mind with any entities involved in the said trades in options.

- c. It is further submitted that in the instant case, the trades executed by the Noticee in NIFTY Options contracts have been impugned and it must be remembered that Nifty Index is determined by fifty highly liquid scrips which also vary from time to time and the index moves on the basis of their performances in the cash segment. Thus, these movements cannot be in tandem with the movement of price Nifty options in the F&O segment because Nifty as an index is not capable of being traded in the cash segment. What is traded in the cash segment are the fifty stocks which constitute Nifty.
- d. Further, it is pertinent to reiterate here that the complete trade log and order log of all the trades in options during the examination period is imperative for the purpose of giving an appropriate reply/defence to the Notice and the same has not been provided to the Noticee.
- e. However, on basis of the incomplete trade and order log provided to the Noticee's, following observations can be deduced:
- i. The Noticee had traded only in 05 distinct options contracts during the Investigation period.
  - ii. On perusal of the logs, it can be observed that the Noticee has squared off his position mostly after 01 day. Thus, it is illogical to even consider such trades to be synchronized as the same is not possible there existed a relationship between the Noticee and counterparty and the SCN fails to manifest any such pre-existing relationship.
- f. In view of the aforesaid observations out of the incomplete trade and order log, it is submitted that the aforesaid allegations against the Noticee are baseless, unjustified and prejudiced and are liable to be vacated.
12. Submissions regarding the alleged trades of Noticee allegedly being illegal and/or part of an allegedly fraudulent scheme:
- a. It is submitted by the Noticee that the said trades were carried out in the normal course of business devoid of any fraudulent intentions and the Noticee is in no way part of the alleged scheme which is carved out by your goodself in the Notice. Without prejudice to the aforesaid, even if it is assumed for the sake of argument that the Noticee was involved with other persons/entities mentioned in the Notice in the alleged scheme of option trading, it is submitted that there is nothing fraudulent or illegal about the same.
  - b. As per the Notice, the Noticee has indulged in an act that has created a misleading appearance of trading in the securities market. It is submitted that every action has an equal and opposite reaction. Assuming without admitting, the Noticee had created a misleading appearance of trading in the market, but the reaction that the market gave to such an act does not exist. SEBI has not provided any instances of any effect of the volume or price on the options and has also not provided complete order log and trade log in order to determine the same.
  - c. Further, the Hon'ble Securities Appellate Tribunal in the matter of Ketan Parekh vs. SEBI (SAT Appeal No 2 of 2004) has while dealing with the issue of synchronized deals has inter alia held that:  
 "Para 21  
 A synchronized transaction even on the trading screen between genuine parties who intend to transfer beneficial interest in the trading stock and who undertake the transaction only for that purpose and not for rigging the market is not illegal and cannot violate the regulations. As already observed 'synchronisation' or a negotiated deal ipso facto is not illegal. A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, 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." (Emphasis supplied)  
 Hereto marked and annexed as "Annexure K" is a copy of the order in the matter of Ketan Parekh vs. SEBI (SAT Appeal No 2 of 2004).
  - d. This allegation of fraudulent trading has no basis as your goodself has failed to provide any evidences to prove that there was a misleading appearance created in the market by the Noticee or had any other impact on the market.
  - e. The SCN further alleges that non-genuine trades by the Noticee were executed in such a manner that Noticee booked Positive square off in all the 05 contracts and the counterparty booked negative square off, in this regard it is submitted that the pricing of an option depends on various factors which are taken into consideration by the option writer. The pricing of option is determined by the parties to the contract considering host of factors like value of the underlying index, movement of the market, the no. of trades in other options, the volatility index prevailing etc. Since none of these details have been provided to the Noticee, it is impossible for the Noticee to explain as to why the Noticee had dealt in a particular option at a particular price at a particular

time. The Noticee therefore states that the Ld. Adjudicating Officer needs to ignore the allegations based on pricing.

- f. As for the effect of the alleged non-genuine trades on the cash segment, the Notice and SEBI has failed to provide any data stating otherwise.
- g. Further, the Noticee submits that the as per clauses 1.2 and 1.3 of Risk Disclosure Document (RDD), which deals with Risk of low liquidity and Risk of wider, it can be construed that SEBI is well aware of the possible losses due to lower liquidity and wider spreads. The SCN also records that the contracts in which the Noticee dealt were illiquid. It is not disputed that liquidity in the contracts recorded in the SCN was low and spreads were bound to be wide so we were constrained to square off their trades at a price difference, which is also appreciated by the RDD issued by SEBI.

Hereto marked and annexed as "Annexure L" is a copy of Risk Disclosure Document (RDD) issued by SEBI.

- 13. Submission regarding the alleged transactions being genuine and no loss caused to the investors:
  - a. The words "artificial" and "non-genuine" are not defined in PFUTP Regulations or any of the Acts / Regulations of SEBI. This leaves the Noticee to rely on dictionary meanings of these words to test whether their trades fall under the categories of artificial or non-genuine trades. The term "artificial" is defined as "produced by human art or effort, not originating naturally, made or done in imitation of the natural; affected or insincere". The term "non-genuine" is opposite of "genuine" which is defined as "really coming from its reputed source etc., not sham; properly so called; pure bred."
  - b. The Noticee submits that their trades have all the characteristics of being genuine trades and cannot be categorised as non-genuine trades. These trades were executed on the anonymous platform of the Exchange, without any knowledge of counter party, at price ranges that were permitted by the Exchange and SEBI and the obligations arising out of it have been settled through the clearing mechanism of the Exchange.
  - c. The next issue for consideration is that whether the Noticee's trading which has been branded as fraudulent by SEBI, has caused any loss to any other market participants. The stand of SEBI is self-defeating on this issue because the whole premise of SEBI issuing a Notice was that the options in which trading was executed by Noticee were illiquid and no trading was taking place in these options. This makes it clear that there was no public involvement in these options and hence, no harm could have been caused to any other market participants.
  - d. It is noteworthy that trading not impacting the investors has been thought as fraudulent by SEBI. Such finding not only defeats the purpose of PFUTP Regulations but also the SEBI Act itself because the regulator has abandoned its primary responsibility of protecting the other market participants. The Noticee fails to understand how trades which do not affect the investors have been termed as fraudulent by the regulator. Further, the Notice characterizes the trades of the Noticee as deceptive. The Noticee is at loss to understand that when it is being said on the one hand that the options were illiquid then to whose deception these trades were being executed.
  - e. The Noticee wishes to submit that its trading was completely genuine and without any ulterior motive as stated in the Notice. In fact, it is not clear how the Notice classifies the trading to be fraudulent since, the Notice does not spell out the basic ingredients to prove that the trading executed by the Noticee was a fraud. It may be noted that on majority of occasions the Noticee had placed orders on the basis of counter orders available in the system. It is not the case of SEBI that the Noticee had entered orders in variation to the best available counter orders in the system. If it were entering orders on prices available in system, why is the fault being found in Noticee's trading. It is an ironical situation created by the regulator wherein if a person enters orders in great variance to price available in the system, he is charged with attempting to manipulate prices and a person who is entering the orders on the basis of best counter orders available in the system is charged with fictitious and manipulative trading. It may be noted that if the Noticee was involved in synchronized trading, then all the orders placed by it would have been executed. However, it is not the case and the failure on part of SEBI to provide a complete order log shows that SEBI is not willing to examine the trading done by the Noticee in a holistic manner.
  - f. With respect to the illiquid stock option trading the Hon'ble Supreme Court in the matter of SEBI vs. Rakhi Trading Private Ltd., in Civil appeals no., 1969 of 2011 with Civil Appeal Nos., 3174 - 3177 of 2011 and Civil Appeal No.3180 of 2011 decided on February 8, 2018 (Hereto marked and annexed as "Annexure M" is a copy judgement of SEBI vs. Rakhi Trading Private Ltd.) had certain ingredients to prove that a transaction was non-genuine and the same have been dealt with herein under:

SR. NO.	PARTICULARS	APPLICABILITY IN THE PRESENT CASE
1.	If the transaction was pre-planned	The Noticee had no knowledge of its counter party and these trades were done through screen based trading and hence were anonymous. Accordingly, the 12 isolated instances of the Noticee's trading in different option contracts could not be alleged to be pre-planned transactions.

2.	If the transactions were synchronized trades	The anonymous systems of the Exchange do not allow transacting parties to determine the details of the counter party and therefore the allegation of executing synchronized trades cannot hold good. The Noticee never knew that the trades were synchronized before receiving the Notice and scrutinising the Annexures thereto. The transactions under scanner in the present Noticee are 12 isolated incidences of trades in different option contracts and therefore the allegation of synchronization of trades cannot be levied against the Noticee.
3.	If the transaction were non- genuine	The trades were done in normal course which makes complete economic sense.
4.	If manipulation is established, it is paramount that the investors have been induced to buy or sell	As far as the Noticee is concerned, the charges are based on surmises and conjectures and on the wild allegations of having carried out collusive trading, the impact of which on securities market has not been shown in the Notice.

14. Submissions regarding violations of Regulation 03 (a), (b), (c) and (d) along with 04 (1) & (2)(a) of the PFUTP Regulations:

a. The allegation levied against the Noticee is that it has violated the provisions of SEBI (Prohibition of Unfair and fraudulent trade practices) Regulations, 2003. The extract of the relevant provisions are reiterated herewith:

**“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;”

b. The Noticee further denies that it has violated the provisions of Regulation 03 and 04 of PFUTP Regulations. In this context it is submitted that:

- i. It has neither directly or indirectly bought nor sold or otherwise dealt in the securities in any fraudulent manner. The Noticee was trading in the options in the normal course devoid of any fraudulent intentions.
- ii. It has not either directly or indirectly used or employed, 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.
- iii. The Noticee has not either directly or indirectly employed 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.
- iv. It has not either directly or indirectly engaged 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.
- v. The Noticee has not dealt in securities in a fraudulent manner or indulged in an unfair trade practice, involving fraud.
- vi. The Noticee has not indulged in any act which creates false or misleading appearance of trading in securities market.

c. The Noticee further submits that though the allegation has been alleged in the SCN, no evidence has been placed on record to show that the action of the Noticee were in any way fraudulent.

d. Further with regards to the other contracts, the Noticee submits that since the complete copy of the Order Log and Trade Log is not provided from the details available on record, it cannot be determined whether the trading of the Noticee has in any way induced any entity to deal in the contract. It is further imperative to point out that

- no reference or allegation that the trading of the Noticee had induced any entity to deal in those contracts has also been made in the SCN. This shows that the allegations levied against the Noticee are bald, baseless and frivolous and on this very basis the present SCN should be quashed against the Noticee.
- e. The Noticee has not made any misrepresentation of truth or concealed any material fact known to it which could have induced any person to act to his detriment.
  - f. The Noticee has not made any suggestion as to a fact which is not true or which it does not believe it to be true which would have induced any entity to trades in the Index options contract of NIFTY. The Noticee has neither concealed any facts after having knowledge or belief of the fact which would have induced any entity to trades in the NIFTY Index options.
  - g. The Noticee has also not made any promises to any parties without any intention of performing it which would have induced any entity to trades in the NIFTY Index Option.
  - h. The Noticee has not made any representation in a reckless and careless manner whether true or false which would have induced any entity to trades in the NIFTY Index Option.
  - i. The Noticee has not carried out any such act or omission which any other law specifically declares to be fraudulent which would have induced any entity to trades in the NIFTY Index Option.
  - j. The behaviour of the Noticee was not deceptive in any manner which would have deprived another of informed consent or full participation and which could have induced such person to trade in the NIFTY Index Option.
  - k. The Noticee has not made any false statement without reasonable ground for believing it to be true which would have induced any entity to trades in the NIFTY Option.
  - l. In light of the aforesaid the Noticee cannot be alleged to have been indulged in the fraudulent trade practices
15. Submissions regarding non-imposition of penalty on the Noticee:
- a. With respect to imposition of penalty under Section 15HA of the SEBI Act, in respect of the alleged violations Noticee humbly submit that while determining the quantum of penalty under the aforementioned provisions, the provisions of Section 15 J of the SEBI Act shall be required to be taken into account which reads as under: "15J - Factors to be taken into account by the adjudicating officer:  
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."
  - b. With regard to Clause (a): - "the amount of disproportionate gain or unfair advantage, whether quantifiable, made as a result of the default": it is submitted that the findings do not lead to the conclusion that there has been disproportionate gain or unfair advantage of Noticee.
  - c. With regard to Clause (b); - "the amount of loss caused to an investor or group of investors as a result of the default": it is submitted that there are no investor complaints filed at any Stock Exchange or SEBI in respect of the trades executed by Noticee in the script and the same has also not been alleged in the SCN. In absence of any direct information, the allegation of causing loss to other investors is baseless.
  - d. With regard to Clause (c): - "the repetitive nature of the default." it is submitted that Noticee has never been held guilty for any violation of SEBI Laws, and it has been first time the present proceeding has been initiated against the Noticee. Further Noticee submits that it has clean records and it has always maintained transparency, integrity, honesty and accountability in all its operations and hence there is no question of repetitive nature of default.
  - e. Noticee submits that a bare perusal of the SEBI Act indicates that it is not mandatory for the Adjudicating Officer to impose a penalty every time he come to conclusion that any person /entity has failed to comply with the specified requirement under the Act and/or the Regulations. Even though Section 15HB of the SEBI Act contain the words "shall be liable to a penalty" there is no strict or mandatory obligation on the part of the defaulter to suffer such penalty.
  - f. In this regard, Noticee would like to draw your goodself's attention on the Judgement passed by the Hon'ble Supreme Court of India in the matter Superintended and Remembrancer Legal Affairs to Government of West Bengal vs. Abani Maity (1979) 4 SCC 85 held that:  
".....Accordingly, the word "liable" occurring in many statutes, has been held as not conveying the sense of an absolute obligation or penalty but merely importing a possibility of attracting such obligation, or penalty, even where this word is used along with the words "shall be"....."
  - g. Noticee humbly submits that decision of Hon'ble High Court of Bombay in the matter of SEBI vs. Cobot International Capital Corporation Limited (Cobot) {2004 51 SCL 307 (BOM)} to state that where the breach of the regulation is unintentional, not deliberate, technical, minor and based on a bonafide belief, strict enforcement of the regulations may not be warranted. The Hon'ble High Court has stated that the authority may refuse to impose penalty for justifiable reasons.
16. Further, the Noticee humbly submits that, SEBI has failed to make out a prima facie case against it and therefore the Notice qua it needs to be quashed and set aside in entirety.
17. The Noticee further submits that the Notice is not substantiated by any evidence or material on record. In so far as the Noticee is concerned, the charges are based on surmises and conjectures and on the wild allegation of

having carried out collusive trading, the impact of which on securities market have not been shown in the Notice. It is submitted that on such a charge alone no action can be taken against the Noticee. To make any one liable for any commission or omission to visit adverse consequence, there should be adequate justification and in the absence thereof any punishment meted to it will be unsustainable.

18. Therefore, the Noticee submits that such allegations supported by no proof are in gross violation of the principles of natural justice and absolutely uncalled for. In *Nandakishore Prasad vs. State of Bihar*(1978) 3 SCC 366, the Hon'ble Supreme Court while considering the appeal against the removal of an employee from service based on the findings of a departmental enquiry viewed that  
"Before dealing with the contentions canvassed, we may remind ourselves of the principles in point crystallized by judicial decisions. The first of these principles is that disciplinary proceedings before a domestic tribunal are of a quasi judicial character; therefore, the minimum requirement of the rules of natural justice is that tribunal should arrive at its conclusion on the basis of some evidence, i.e. evidential material which with some degree of definiteness points to the guilt of the delinquent in respect of the charges against him. Suspicion cannot be allowed to take the place of proof even in domestic inquiries."  
Hereto marked and annexed as "Annexure N" is a copy of the judgement in the matter of *Nandakishore Prasad vs. State of Bihar* (1978) 3 SCC 366.
19. The Hon'ble Supreme Court in *Union of India vs. H. C. Goel* (AIR 1964 SC 364) has inter alia held that:  
"the principle that in punishing the guilty scrupulous care must be taken to see that the innocent are not punished, applies as much to regular criminal trials as to disciplinary inquiries held under the statutory rules."  
Hereto marked and annexed as "Annexure O" is a copy of the judgement in the matter of *Union of India vs. H. C. Goel* (AIR 1964 SC 364).
20. The SAT in its order in case of *KSL & Industries Ltd vs. SEBI* (SAT Appeal no. 9/2003 decided on 30.09.2009) has held that:  
"I do not find any material on record in support of the said charge. A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence are not sustained. Fraud cannot survive on mere conjecture and surmises."  
Hereto marked and annexed as "Annexure P" is a copy of the judgement in the matter of *KSL & Industries Ltd vs. SEBI* (SAT Appeal no. 9/2003 decided on 30.09.2009).
21. Further your attention is drawn to the judgment of *R.K. Global vs. SEBI* (Appeal no. 158/2008 Date of Order: September 16, 2010), wherein it was observed by Hon'ble Securities Appellate Tribunal that:  
"...Let us not forget that the Appellant has been charged for executing fraudulent trades which is, indeed, a serious charge and cannot be established on mere suspicion and should have firmer ground to stand upon. A higher degree of probability must exist before such a charge could be found to have been established." ...  
Hereto marked and annexed as "Annexure Q" is a copy of the order in the matter of *R.K. Global vs. SEBI* (Appeal no. 158/2008 Date of Order: September 16, 2010).
22. It is, therefore, the Noticee's humble submission that the allegation levied in the Notice does not corroborate with the corresponding evidence provided in the instant matter.
23. Before concluding, the Noticee wishes to reiterate the submissions made above in a summary:
  - i. That, the Noticee has not been provided with the complete documents/materials/data to substantiate the allegations levelled against it in the Notice. In view of the same, the Noticee requests the Ld. Adjudicating Officer not to conduct these quasi-judicial proceedings taking into consideration any material to which the Noticee is not privy.
  - ii. That the trade and order log submitted to the Noticee is incomplete and inter alia it does not mention the trades and corresponding order information regarding trades other than that of the Noticee during the examination period.
  - iii. That, the Noticee has no relation/connection with any person/entity alleged in the Notice and the Noticee has also failed to bring out any connection between the Noticee and such other persons/entities. Therefore, by no stretch of imagination, it can be presumed that, the Noticee had any relationship/nexus/prior meeting of mind with any entities or groups mentioned in the said Notice.
  - iv. That, it is submitted that entering into the said synchronization of trades in Options cannot be termed as fraudulent. Since the trading done by the Noticee in derivatives was not capable of influencing the underlying, SEBI cannot allege that the Noticee has entered into manipulative transactions. Further, it is the case of SEBI that these options were illiquid and hence it can be said that no investor was defrauded or affected by their trading.
  - v. That there was no loss caused to any investor or any other person/entity as a result of the Noticee's said trading.
  - vi. That the allegations and charges against the Noticee are based on surmises and conjectures and on the wild allegation of having carried out collusive trading.
  - vii. That owing to the aforesaid submissions, the Noticee submits that it did not indulge in any fraudulent and unfair trade practice and the trades executed by it were genuine.

24. Further your attention is drawn to the order in the matter of Ms. Neha Sethi bearing Order No. Order/PB/2021-22/14749 dated January 20, 2022 has been passed in the similar matter wherein the submissions put forth by the Ms. Neha Sethi have been considered positively in the above mentioned order.

Relevant abstract in the said order are as under:

- i. On March 17, 2015 (the day when Noticee's alleged trades took place), the underlying scrip opened at a higher value and closed at a considerably lower value. In Noticee's case too, she had first traded (sold) at higher rate and subsequently, after about an hour, squared off at a lower rate (with a profit);
- ii. Noticee's orders were only part of the counterparty orders/ market orders. In the given instance, part of the counterparty's orders got matched with the orders placed by the Noticee;
- iii. Noticee's orders were not placed in exact sync with the counterparty orders. Therefore, leaving opportunity for other market participants to participate against the pending orders;
- iv. On both the occasions, Noticee's orders were placed first and after some time gap the counterparty orders were placed;
- v. It was possible in existing exchange trading platform at that point in time that the counterparty to trades could be the same entity without the knowledge of the concerned entities;
- vi. The SCN does not infer any relation or connection between the buyer and seller, nor has any other evidence, direct or otherwise, been brought on record to suggest collusion between them;
- vii. The Noticee's trades generated artificial volume of 36,000 units, (buy side + sell side) which made up 9.00% of total market volume in the said contract on that day as well as overall trading volume in the contract

In view of the findings noted in the preceding paragraphs, and the factors mentioned in the provisions of Section 15-I of the SEBI Act, 1992 read with Rule 5 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby dispose of the Adjudication Proceedings initiated against the Noticee, Neha Sethi [PAN: ADGPJ0141E], vide the SCN bearing ref. no. SEBI/OIA/PB/16636/2021 dated July 28, 2021, in the matter of dealings in Illiquid Stock Options at BSE.

In terms of the provisions of Rule 6 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India, Mumbai.

Hereto attached and annexed as "Annexure R" is the copy of the order dated January 20, 2022.

25. Thus, in view of the facts stated, arguments advanced and authorities cited, it is humbly submitted that the current proceedings are illegal and is contrary to principles of natural justice. The Noticee submits that the allegation levied in the Notice does not corroborate with the corresponding evidence provided in the instant matter and needs to be quashed.
26. In the instant case, since no primary violation of SEBI Act or PFUTP Regulations against the Noticee has been made out and as it has also explained the genuineness of the case, the question of holding an inquiry against it in terms of Rule 04 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and imposing penalty for the alleged violation does not arise. Therefore, it is duly submitted that the Noticee has not committed any wrong and no charge has been established against it even prima facie, to warrant any action.
27. It is submitted that Noticee reserves its right to modify and add additional grounds in these submissions. It is respectfully submitted that the allegations in the Notice do not flow out of the factual position and therefore cannot be legally sustained to warrant any penalty against Noticee.

## Submissions of Noticees 19 and 21 to 23:

1. At the outset the Noticee's deny having violated the PFIJTP Regulations as alleged or otherwise. Nothing contained in the SCN shall be deemed to be admitted on account of non-traverse or otherwise, unless expressly admitted in this reply.
2. A common SCN has been issued to the 36 entities wherein the Noticee's have preferred to respond to the clause of the SCN that relate to them.
3. It may kindly be noted that all submissions in this reply are without prejudice to one another.
4. The Noticee's are members of one family and are law abiding citizens and have always complied with all the applicable laws in letter and spirit.
5. As head of the family Mr. Manilal Gada used to take investment decisions and he expired on October 13, 2020. We are therefore filing this reply based on limited information and knowledge. A copy of the death certificate of Mr. Manilal Gada is annexed herewith and marked as Exhibit 1.
6. The SCN has categorised some of the entities in 3 groups, which are connected to one another in some manner or another. The Noticee's submit that thought they are members of the same family; their transactions have nothing to do with the transactions of Mr. Vaibhav Nagji Rita who is alleged to be a part of Group 3.
7. The Noticee's had traded in the Nifty options and because of these trades executed, the captioned SCN has been issued to the Noticee.
8. It has been alleged that the Noticee's had executed trades in 1 contract each which matched with Noticee No. 30 wherein they received a positive price difference. Details of trades is given hereunder:

Chandrika Gada

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
24/04/2014	5450 (CE)	06/03/2014	CHANDRIKA DHARMENDRA GADA	NIRSHILP SECURITIES PVT. LTD.	903.35	5950
		07/03/2014	NIRSHILP SECURITIES PVT. LTD.	CHANDRIKA DHARMENDRA GADA	1133.35	5950

Punaiben Manilal Gada

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
24/04/2014	5250 (CE)	07/03/2014	PUNAIBEN MANUAL GADA	NIRSHILP SECURITIES PVT. LTD.	1237.65	6050
		10/03/2014	NIRSHILP SECURITIES PVT. LTD.	PUNAIBEN MANU-AL GADA	1392.95	6050

Neha Pravin Gada

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
24/04/2014	7050 (PE)	06/03/2014	NEHA PRAVIN GADA	NIRSHILP SECURITIES PVT. LTD.	581.65	4650
		07/03/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA PRAVIN GADA	710.5	4650

Gomtiben Gada

Expiry Date	Strike Price	Trade Date	Buy_CInt_Name	Sell_CInt_Name	Trd_Price	Traded Qty
24/04/2014	5450 (CE)	12/03/2014	GOMTIBEN THAKARSHI GADA	NIRSHILP SECURTIES PVT LTD	1137.25	2150
		19/03/2014	NIRSHILP SECURITIS PVT. LTD.	GOMTIBEN THAKARSHI GADA	1245.05	2150

9. It is alleged that these trades were synchronised and were squared off with Noticee No 30.
10. It is therefore alleged that by square off was under a pre-determined arrangement in illiquid options the Noticee booked profits.
11. The SCN also compares price the trades of the Noticee's with the trades in other options contracts to suggest that the trades of the Noticee's were non-genuine.
12. It is denied that there is any pre-determined arrangement as alleged at all and the Noticee's submit that the trades are genuine and in normal course of business.
13. The SCN categorically records that each of the Noticee's executed only 1 transaction, which was in the nature of alleged pre-determined arrangement. If the Noticee's wanted to get into pre-determined arrangement then it would not be done only for 1 transaction.
14. The Noticee's were also subjected to various charges and taxes on the transactions inter alia including Exchange Turnover Charges, Service Tax, STT, SEBI Turnover Fee, Stamp Duty etc.
15. All these transactions have been perfectly recorded in the regular books of accounts, records and Income Tax Returns.
16. It is extremely absurd on the part of SEBI to suddenly label these transactions as artificial and non-genuine after a period of 8 years from the date of the transactions on completely untenable grounds and unjustified reasons. Therefore the SCN is liable to be set aside on this reason alone, leave apart other valid reasons and explanation herein below.
17. The Noticee's took a buy position on the relevant days and the same was squared off after few days. It means that the transaction was not in the nature of synchronised and reversal trade. Your kind attention is drawn to the order of the Hon'ble WM of SEBI bearing no. WTM/MPB/IVD-ID8/161/2018 dated April 5, 2018 wherein the trades carried out and reverse on the same day were treated to be manipulative for similar allegations for trades in BSE stock options. The current case before your good self is completely different as in the current case the Noticee's bought the contracts on their respective trade day and sold the same after a few days.
18. During this period the Noticee's had paid full margin on the position and if the intention was to merely generate a profit in a pre-determined fashion then there was no need for the Noticee's to carry forward the position for several days and pay margins thereon.
19. The fact that the square-off was done after a reasonable amount of time is adequate to substantiate that it was not pre-determined as alleged or at all and that the profits have come in normal course.



20. *From the SCN it is understood that both legs of trades matched with one M/S Nirshilp Securities Pvt. Ltd. and the Noticee's are no way connected to that entity or any of the directors thereof,*
21. *The comparison of trades of the Noticee's with other contracts proves beyond doubt that the transactions were genuine.*
  - a. *The SCN records that the Low on March 6, 2014 was 6395.30 and the high on March 18, 2014 was 6647.5 which means that there was a movement of 252.2 points and price difference is much less than the movement in the underlying.*
  - b. *The movement in index during relevant period can easily result in change ifjnbb ccvvn options price and therefore no fault can be found with the Noticee's transactions.*
  - c. *Likewise in another contract the Index increased and price the option contract also increased during relevant time.*
22. *All the above goes on to suggest that price difference was completely in line with the movement of Nifty and no fault can be found with it.*
23. *The SCN alleges that the Noticees has generated artificial volume by executing non- genuine trades and creating false and misleading appearance of trading, which was manipulative and deceptive. It is submitted that the alleged trades are wrongly categorised as non-genuine, for the reasons recorded hereunder:*
  - a. *The word "non-genuine" is not defined in PFUTP Regulations or any of the Acts / Regulations of SEBI. This leaves us to rely on dictionary meaning of the word to test whether the alleged trades fall under the categories of artificial volume through non-genuine trades.*
  - b. *The term "non-genuine" is opposite of "genuine" which is defined as "really coming from its reputed source etc; not sham; properly so called,' pure bred. "*
  - c. *The alleged trades have all traits of being genuine and therefore cannot be categorised as non-genuine. These trades were executed on the anonymous platform of the Exchange, without any knowledge of counter party, at price ranges that were permitted by the Exchange and SEBI and the obligations arising out of it have been settled through the clearing mechanism of the Exchange.*
  - d. *Since the trades do not fall under the definition of non-genuine transactions, they cannot be categorised to be creating artificial volume and effectively cannot be said to be creating false and misleading appearance of trading or cannot be categorised as manipulative or deceptive trades.*
  - e. *If the intention was to carry out artificial volume and create a false and misleading appearance of trading or execute manipulative and deceptive trades, the frequency of such trades would have been much higher. No one can achieve the alleged manipulative goals with such infrequent non-genuine trades.*
24. *The SCN fails to highlight any possible reason for executing the alleged non-genuine trades and what has been achieved by executing such trades. Without even having indicated any purpose for carrying out non-genuine trades, there is no reason to categorise them as non-genuine, artificial, manipulative, deceptive or creating false and misleading appearance of trading as wrongly alleged in the SCN.*
25. *The SCN completely ignores several critical facts and has wrongly categorise the trades as artificial and non-genuine:*
  - a. *The SCN is issued based on imaginary and presumptive grounds. It categorises trades of the Noticee's as non-genuine in spite of the fact that all these transactions were carried out on the platform provided by the NSE that has been settled through the clearing corporation by way of movement of funds. If at all there was a fault in the platform provided by the stock exchange, SEBI should have taken action against the stock exchange and as SEBI has not taken any action against stock exchange till date, it is clear that trades executed on the stock exchanged should also not be termed as non-genuine or fraudulent. SEBI cannot take action on the investors without taking any action on the Exchange, which allowed such non-genuine transactions to take place on its platform.*
  - b. *The SCN fails to take into consideration that the anonymous systems of the Stock Exchange do not allow a transacting party to know the details of the counter party and therefore the allegation of executing reversal trades cannot hold good. It is humble submitted that both legs of the transactions of the Noticee's matched with the same party came to be known only through SEBI and till that time the Noticee was oblivious of this fact. This goes on to substantiate that the trades were merely a co-incidence and nothing beyond.*
  - c. *Though the SCN claims that the trades were reversed at significant price difference, it has only compared the value of premium of the contracts. However, in case of options contract the notional value i.e. the value of Strike Price plus the premium is to be considered. The Noticee submits that when price difference is compared with the notional value its change is extremely insignificant and absolutely normal and similar changes are observed in multiple contracts on the Exchanges including the ones having higher volumes than the alleged contracts of the Noticee. Therefore, the Noticee submits that the allegation that there was a significant price difference is incorrect and untenable.*

- d. Further SEBI has issued Risk Disclosure Document that records risks of trading on the stock options segment of the Exchange. Clauses 1.2 and 1.3 deal with Risk of low liquidity and Risk of wider spreads, which quote as under:

**"1.2 Risk of Lower Liquidity:**

Liquidity refers to the ability of market participants to buy and/or sell securities / derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities /derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities / derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / derivatives contracts as compared to active securities / derivatives contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

1.2. 1 Buying or selling securities / derivatives contracts as art of a da trading strategy may also result into losses. because in such a situation. securities / derivatives contracts may have to be sold / purchased at low / high prices, compared to the expected price levels, so as not to have any open position or obligation to deliver or receive a security / derivatives contract.

**1.3 Risk of Wider Spreads:**

Spread refers to the difference in best buy price and best sell price. It represents the differential between price buying a security / derivatives contract and immediately selling it or vice versa. Lower liquidity and her volatility may result in wider than normal spreads for less liquid or illiquid securities / derivatives contracts. This in turn will hamper better price formation.

From the above clauses recorded in the RDD issued by SEBI it can be construed that SEBI was aware of the possible (significant as per SCN but not actually significant) price difference and losses / profits due to lower liquidity and wider spreads. The SCN itself records that the contracts in which the Noticee's dealt were illiquid and therefore the spreads were bound to be wide resulting in so called significant price difference in view of SEBI, which is also appreciated by the RDD issued by SEBI. However, this knowledge has been ignored while issuing the SCN and the SCN wrongly goes on to allege that these trades are non-genuine. Such a conclusion is absolutely untenable in light of the fact that SEBI itself recognises that significant price difference may occur in contracts with lower liquidity and wider spreads.

- e. The SCN fails to appreciate that though SEBI and Exchanges have put in place a mechanism of price band in Capital Market Segment to control extreme volatility, which may result in trades taking place at unrealistic prices. No such price band mechanism was in place for options segment. This in itself means that all prices at which our trades were executed were genuine.
- f. The SCN fails to appreciate that pricing of options is a complex arithmetical calculation based on several variables most of which are subjective and presumptive thus making a huge range of price to be completely valid and genuine. Price an option is derived based on complex formulas dealing with price the underlying, time to expiry, expected volatility, rate of interest etc., all of which are dynamic thus resulting in exponential increase in the lower and upper valid prices of options as a result of which SEBI and Exchanges in their wisdom did not stipulate any price band for options. After having failed to put in place such a mechanism due to complexity of such a product in spite of having infinite wherewithal with SEBI and Exchanges, it cannot be expected of common investors and traders to know the correct range of option prices.
- g. During the period of trading there was high volatility in Nifty Contracts and the fluctuation therein can be seen hereinbelow:

Symbol	Date	Expiry	Open	High	Low	Close
NIFTY	06-Mar-2014	24-Apr-2014	6,406.90	6,473.00	6,395.30	6,466.65
NIFTY	07-Mar-2014	24-Apr-2014	6,488.70	6,599.45	6,475.20	6,585.45
NIFTY	10-Mar-2014	24-Apr-2014	6,561.20	6,636.00	6,556.70	6,606.95
NIFTY	11-Mar-2014	24-Apr-2014	6,605.90	6,625.40	6,565.00	6,586.35
NIFTY	12-Mar-2014	24-Apr-2014	6,572.55	6,617.90	6,556.00	6,591.00
NIFTY	13-Mar-2014	24-Apr-2014	6,592.70	6,630.00	6,551.00	6,565.65
NIFTY	14-Mar-2014	24-Apr-2014	6,550.00	6,599.00	6,510.00	6,583.80
NIFTY	18-Mar-2014	24-Apr-2014	6,613.00	6,647.50	6,571.25	6,594.70
NIFTY	19-Mar-2014	24-Apr-2014	6,603.40	6,619.00	6,528.10	6,598.85

- h. From the above table it can be seen that the Low on March 6, 2014 was 6395.30 and the high was 6647.5 which means that there was a movement of 252.2 points and price difference is much less than the movement in the underlying suggesting that the transactions are no way absurd.
- i. The SCN records that the Noticee has carried out one non-genuine transaction of buy and sell. It is submitted that to allege violation of PFUTP regulations. However, the SAT has held it contrary to the view of the SCN. Attention is humbly drawn to the order of the Hon'ble SAT in the matter of Appeal No. 276 of 2020 (Dhvani

*Darshan Kothari v/s SEBI) where SAT quotes "14. In so far as the appeal of Dhvani Darshan Kothari & Anr, is concerned, who are in the second group, the said appellants have been penalized on the charge that they are connected on the basis of a common mobile number. This charge is apparently common and, therefore, we are of the opinion that the appellants cannot be found connected on the basis of a common mobile number which is insufficient.*

*15. The appellants have been charged and found guilty on the basis of purchasing the scrip off-market from Bahar Paper Pvt. Ltd. and was found to have sold the same shares online to the same counter party and, therefore, came to the conclusion that these trades are fraudulent. We find that the appellant Dhvani Kothari purchased 10,000 shares off-market on June 30, 2009 and had sold the same on July 7, 2009. Her husband the second appellant purchased 50,000 shares on June 16, 2009 and sold 40,000 shares online.*

*17. This Tribunal held that purchasing off-market from Bahar Paper Pvt. Ltd. and selling online to the same counter party may raise strong suspicion that the transfer may not be genuine. The Tribunal found that no reasons were recorded as to how the said trades are manipulative and fraudulent and that one transfer cannot make it synchronized, circular or reversal and execution of one trade cannot be treated at par with the trades executed by the other entities which were large in number.*

- j. In the current case also each of the Noticee's are alleged to have executed only 1 trade and therefore a similar treatment as in case of Dhvani needs to be given and like she was exonerated of her charges, the Noticee also deserves the same treatment.*
  - k. The SCN does not provide an iota of evidence as to how the Noticee's was related or connected to the counter party. Therefore, it is submitted that without the theory of collusion or meeting of minds between the two parties being established, the allegations in the SCN do not hold good. Further there is no reason for unknown people to deliberately allow profits or losses to one another without being related and the SCN failed to highlight any relationship between buyers and sellers.*
  - l. It is also not a case in the SCN that other investors have got carried away or have been misled due to the trades carried out by the Noticee. Further it is not even alleged that third parties suffered any loss due to the transactions carried out by the Noticee. Some other party has been affected by these trades as they got reversed with same party (which the Noticee understand only through SEBI) and no impact what so ever has been caused to anyone because of these trades.*
  - m. Above all there is no charge of price manipulation in the SCN and without manipulating price a security or contract no person can gain anything from artificial trades.*
- 26. Reliance is placed on various decisions of the Hon'ble Securities Appellate Tribunal:*
- a. In Jagruti Securities vs SEB]. [2008 SCC Online SAT 184: 2008 SAT 184], it was inter held as under:  
"... we are of the view that in an artificial trade there has to be collusion between the buyer and the seller and in the absence of any collusion, the trade cannot be termed as 'artificial'."*
  - b. In S.P.J. Stock Brokers Pvt. Ltd. vs Securities and Exchange Board of India [2013 SCC Online SAT 67: [2013] SAT 17) it was inter alia held as under:*
  - c. "13. Unless some connection between appellant and counterparties with whom appellant traded is established, it is difficult to hold that trades in question were carried out with a view to manipulate market by creating false volumes resulting in upsetting market equilibrium."*
  - d. In HB Stockholdings Limited vs SEBI [2013 SCC OnLine SAT 56: [2013] SAT 44] it was inter alia held as under:  
"17. ... It may be noted that synchronization of trades is not per se illegal. It is actionable only if it is illegitimate and is the outcome of a mischievous meeting of minds among certain parties. For this purpose, the counter party, namely, Gloria Investment Limited has already been exonerated by the Respondent. Moreover, no cogent and convincing reasons are forthcoming from a reading of the SCN or the impugned order to sustain such a charge of synchronization or creation of artificial volumes against the Appellants. In this connection, we may also pertinently note that the mere factum of one or two Appellants sharing common address or one of the Appellants being the promoter of the other group at some point in time are not in themselves sufficient to bring home the residual charge against the Appellants. There has to be sufficient evidence on record to clearly prove connivance on the part of the Appellants with a counter party to prove the charge in question against the Appellants. In the absence of any such evidence and unambiguous findings by the learned WTM to this effect, we have no option but to quash the impugned order in question"*
  - e. In the matter of RK. Global vs. SEBI (Appeal No. 158 of 2008, Date of decision 16th September, 2010) it was inter alia held that:  
"...Let us not forget that the Appellant has been charged for executing fraudulent trades which is, indeed, a serious charge and cannot be established on mere suspicion and should have firmer ground to stand upon. A higher degree of probability must exist before such a charge could be found to have been established..."*
- 27. The SCN does not allege that the Noticee's colluded with the counter party and in absence of any such allegation or material, the allegation of carrying out fraudulent or artificial trades does not hold good.*

28. The SCN alleges that by executing the trades mentioned in the SCN, the Noticee has violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations, the same is denied for the reasons stated hereinunder:  
Regulation 2(1)(c) quotes as under:  
"fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include —
- i. a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;
  - ii. a suggestion as to a fact which is not true by one who does not believe it to be true;
  - iii. an active concealment of a fact by a person having knowledge or belief of the fact;
  - iv. a promise made without any intention of performing it;
  - v. a representation made in a reckless and careless manner whether it be true or false
  - vi. any such act or omission as any other law specifically declares to be fraudulent,
  - vii. deceptive behaviour by a person depriving another of informed consent or full participation,
  - viii. a false statement made without reasonable ground for believing it to be true.
  - ix. the act of an issuer of securities giving out misinformation that affects the market price the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

There is nothing on record to substantiate that the Noticee knowingly misrepresented the truth or concealed material fact, suggested a fact that the Noticee believed is untrue, concealed any fact required to be disclosed. Further the Noticee never made any promise or representation, and has not omitted any obligation under other law. Even further the Noticee's behaviour was no way deceptive, nor has the Noticee made any false statement. Lastly the Noticee has not issued any securities and the question of giving misinformation in relation thereto does not arise.

As none of the Noticee's acts fall under the definition of 'fraud' as provided under Regulation 2(1)(c), the Noticee cannot be charged of having violated PFUTP Regulations.

*Analysis of the applicability of the PFUTP Regulations in the SCN:*

Sr. No.	Reg./ Sec. No.	Regulation	Explanation
1	3	No person shall directly or indirectly-	
2.	3(a)	buy, sell or otherwise deal in securities in a fraudulent manner;	None of the Noticee's acts can be categorized as fraud under Reg. 2(1)(c) The Noticee's transacted on the anonymous trading system of the Exchange without the knowledge of who the counter parties are. All the trades are validly settled on the Exchange Platform. The trades were within price range permitted by the Exchange. There is no charge of meeting of mind or collusion with the counter party.
3.	Reg. 3(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;	None of the Noticee's acts can be said to have been in the form of a manipulative or deceptive device or in contravention to the provisions of the Act, rules or regulations of SEBI. The trades were validly executed on the platform of the Exchange and fully settled. No one has been alleged to have been affected by the trades which are allegedly manipulative. The alleged trades have taken place only on 2 days for each Noticee and with such infrequent trades, it is impossible to form a manipulative or deceptive device or contrivance in contravention to the provisions of Act and Rules of SEBI.

4.	Reg.3(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;	The SCN fails to establish that The Noticee's employed any device, scheme or artifice to defraud anyone. Further when the allegation pertains to carrying out a fraud, there has to be a defrauded party or someone has to be induced to trade. No person has claimed to be defrauded or have been induced to trade because of the Noticee's trades.
5.	Reg. 3(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. Already responded in explanations above.	
6.	4(1)	Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.	Already responded in explanations above.
7.	4(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:—	
8.	4(2)(a)	indulging in an act which creates false or misleading appearance of trading in the securities market;	The trades were in normal course of business and the settlement has been made by the Exchange and the transactions have been correctly reflected in the books of accounts and therefore the trades are perfectly genuine. No false or misleading appearance of trading has been created by alleged trades.

29. Now dealing with the Judgment passed by the Hon'ble Securities Appellate Tribunal in the matter of Global Earth Properties Ltd. vs. SEBI (Appeal No. 212 of 2020, Date of decision 14th September, 2020), wherein it was inter alia held as under:

"20. From the aforesaid cumulative analysis of the reversed transactions with the counter party, quantity, time and significant variation of 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 booked 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."

30. In the present matter it is to be noted that only 1 trade that too which was carried forward for multiple days cannot lead to a conclusion like the judgement aforesaid as the same was for frequent trades and reversal in few minutes or seconds on the same day which is not the current case.

31. Without prejudice to the aforesaid, if at all it is held that the Noticee's violated the aforesaid PFUTP Regulations, then in that case it is submitted that no penalty should be imposed on the Noticee taking into consideration the mitigating circumstances and factors under Section 15 J of the SEBI Act.

- i. The Noticee's was under the belief that since the transactions executed were under the stock exchange mechanism and were therefore genuine;
- ii. No illegal gain has been made by the Noticee's while trading in the stock options segment;
- iii. No loss has been caused to any investor or group of investor as a result of the Noticee's trading nor the same has been alleged against the Noticee's in the SCN,
- iv. This is the first time; SEBI has taken any kind of action against the Noticee's,

32. Reliance is also placed on the following judgments:

- a. The Hon'ble Bombay High Court in the matter of Securities & Exchange Board of India v. Cabot International Capital Corporation, 2004 SCC Online Bom 180:

38. Thus, the following extracted principles are summarised.

...

(G) Though looking to the provisions of the statute, the delinquency of the defaulter may itself expose him to the penalty provision yet despite, that in the statute minimum penalty is prescribed, the authority may refuse to impose penalty for justifiable reasons like the default occurred due to bona fide belief that he was not liable to act in the manner prescribed by the statute or there was too technical or venial breach etc.

...

44. Now, the question, of the penalty by the Adjudicating Authority, in the facts and circumstances of the case, was warranted or not. We find that the allotment in question was undoubtedly, covered under the exemption provided in Regulation 3(1). There could not have been insistence by the appellants SEBI to comply with the requirements of Regulation 3(4). It is also clear that when an acquisition is covered under Regulation 3, the acquirer is required to report to the Board under the sub-Regulation 3(4) within the specified time, as referred above. In view of this undisputed position, merely because there was no report filed, that itself cannot be read as serious defect or non-compliances of the said provisions. The Appellate Authority, after considering the material on record, including the events, referred in the pleadings, found that the respondents company had no intention to suppress any material information from the appellants or the share holders.

b. In the matter of Yogi Sungwon (India) Ltd. v/s SEBI - Appeal No. 36 of 2000, Order dated May 04, 2001, wherein Hon'ble Securities Appellate Tribunal had inter alia observed that:

".....On perusal of section 15I it could be seen that imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The words in the section that 'he may impose such penalty' is of considerable significance, especially in view of the guidelines provided by the legislature in section 15J. 'The Adjudicating Officer shall have due regard to the factors' stated in the section is a direction and not an option. It is not incumbent on the part of the Adjudicating Officer, even it is established that the person has failed to comply with the provisions of any of the sections specified in the sub-section (1) of section 15-1, to impose penalty. It is left to the discretion of the Adjudicating Officer, depending on the facts and circumstances of each case."

c. In the matter of National Highway Authority of India v/s SEBI - Appeal No. 232 of 2020, Order dated August 27, 2020, wherein it was inter alia observed that:

"23. In the light of the aforesaid, there is no doubt that if the Regulations require a particular act to be done in a particular manner and within the stipulated period then noncompliance of the said provisions would invite imposition of penalty but the law also provides and gives power to the respondent to relax the strict enforcement of the Regulations. We are of the opinion that the Adjudicating Officer failed to take into consideration the mitigating circumstances as a factor under Sec. 15-J while considering the imposition of penalty.

24. Consequently, for the reasons stated aforesaid, we are of the view that even though there has been a violation of Regulation 52 of the I-ODR Regulations but in the peculiar facts and circumstances of the present case which should not be treated as a precedent for other matters, we are of the opinion that the imposition of penalty of Rs. 7 lakhs in the given circumstances was harsh and excessive. "

33. In this regard your attention is drawn to the judgment passed by the Hon'ble Supreme Court in the matter of Adjudicating Officer, Securities and Exchange Board of India v. Bhavesh Pabari has inter alia held that:

"Sanjiv Khanna, J.— Delay condoned. Two primary questions, in a way interconnected, have been referred by the referral judgment and order dated 14-32016 passed in Siddharth Chaturvedi v. SEBI [Siddharth Chaturvedi v. SEBI], (2016) 12 SCC 119]. The correctness of the view expressed on the said two questions by a numerical smaller Bench of this Court in SEBI v. Roofit Industries Ltd. [SEBI v. Roofit Industries Ltd., (2016) 12 SCC 125] would coincidentally arise. The questions referred can be enumerated and summarised as follows:

1.1 Whether the conditions stipulated in clauses (a), (b) and (c) of Section 15-J of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "the SEBI Act") are exhaustive to govern the discretion in the adjudicating officer to decide on the quantum of penalty or the said conditions are merely illustrative?

1.2 Whether the power and discretion vested by Section 15-J of the SEBI Act to decide on the quantum of penalty, regardless of the manner in which the first question is answered, stands eclipsed by the penalty provisions contained in Section 15-A to Section 15-HA of the SEBI Act?

...

3. For the purposes of the present reference, we may proceed to consider the provisions contained in Chapter VI-A of the SEBI Act. Sections 15-A to 15-HA are the penalty provisions whereas Section 15-1 deals with the power of adjudication and Section 15-J enumerates the "factors to be taken into account by the adjudicating officer" while adjudging the quantum of penalty.

...

5. Insofar as the second question is concerned, if the penalty provisions are to be understood as not admitting of an exception or discretion and the penalty as prescribed in Section 15-A to Section 15-HA of the SEBI Act is to be mandatorily imposed in case of default/failure, Section 15-J of the SEBI Act would stand obliterated and eclipsed. Hence, the question referred. Sections 15-A(a) to 15-HA have to be read along with Section 15-J in a manner to avoid any inconsistency or repugnancy. We must avoid conflict and head-on-clash and construe the said provisions harmoniously. Provision of one section cannot be used to nullify and obtrude another unless it is impossible to reconcile the two provisions. The Explanation to Section 15-J of the SEBI Act added by Act 7 of

2017, quoted above, has clarified and vested in the adjudicating officer a discretion under Section 15-J on the quantum of penalty\_ to be imposed while adjudicating defaults under Sections 15-A to 15-HA. Explanation to Section 15-J was introduced/added in 2017 for the removal of doubts created as a result of pronouncement in Roofit Industries Ltd. case (SEBI v. Roofit Industries Ltd., (2016) 12 SCC 1251. We are in agreement with the reasoning given in reference order dated 14-3-2016 (Siddharth Chaturvedi v. SEBI, (2016) 12 SCC 1191 that Roofit Industries Ltd. [SEBI v. Roofit Industries Ltd. (2016) 12 SCC 1251 had erroneously and wrongly held that Section 15-J would not be applicable after Section 15-A(a) was amended with effect from 29-10-2002 till 7-9-2014 when Section 15-A(a) of the SEBI Act was again amended. It is beyond any doubt that the second referred question stands fully answered by clarification through the medium of enacting the Explanation to Section 15-J vide Act 7 of 2017. which also states that the adjudicating officer shall always be deemed to have exercised and applied the provision. We, therefore, deem it appropriate to hold that the provisions of Section 15-J were never eclipsed and had continued to apply in terms thereof to the defaults under Section 15-A(a) of the SEBI Act.

6. Reference order in Siddharth Chaturvedi [Siddharth Chaturvedi v. SEBI, (2016) 12 SCC 1191 on the said aspect has observed that Section 15-A(a) could apply even to technical defaults of small amounts and, therefore, prescription of minimum mandatory penalty of Rs 1 lakh per day subject to maximum of Rs 1 crore, would make the section completely disproportionate and arbitrary so as to invade and violate fundamental rights. Insertion of the Explanation would reflect that the legislative intent in spite of the use\_ of the expression "whichever is less" in Section as it existed during the period 29-10-2002 till 7-9-2014 was not to curtail the discretion of the adjudicating officer by prescribing a minimum mandatory penalty of not less than Rs 1 lakh per day till compliance was made, notwithstanding the fact that the default was technical, no loss was caused to the investor(s) and no disproportionate gain or unfair advantage was made. The legislative intent is also clear as Section 15-A was amended by Amendment Act 27 of 2014 to state that the penalty could extend to Rs 1 lakh for each day during which the failure continues subject to a maximum penalty of Rs 1 crore. This amendment in 2014 was not retrospective and therefore, clarificatory and for removal of doubt Explanation to Section 15-J was added by Act 7 of 2017. Normally the expression "whichever is less" would connote absence of discretion by prescribing the minimum mandatory penalty, but in the context of Section 15-A(a) as it was between 29-10-2002 till 7-9-2014 read along with Explanation to Section 15-J added by Act 7 of 2017, we would hold that the legislative intent was not to prescribe minimum mandatory penalty of Rs 1 lakh per day during which the default and failure had continued. We would prefer to read and inter re Section 15-A(a) as it was between 29-10-2002 and 7-9-2014 in line with Amendment Act 27 of 2014 as giving discretion to the adjudicating officer to impose minimum penalty of Rs 1 lakh subject to maximum penalty of Rs 1 crore, keeping in view the period of default as well as aggravating and mitigating circumstances including those specified in Section 15-J of the SEBI Act." (emphasis supplied)

34. SEBI in view of the aforesaid judgment passed by the Hon'ble Supreme court has in various matters imposed penalty lesser than the minimum prescribed penalty. Two of such cases are mentioned hereinunder:

i. AO Order dated 26<sup>th</sup> February, 2021 in the matter of Octant Interactive Technologies Limited, wherein it was inter alia held as under:

"35. Therefore, in view of the above, I hold that the Noticee by indulging in reversal/synchronized trades in connivance with others without the intention of transferring beneficial ownership leading to false and misleading appearance of trading in the securities market has violated the provisions of Regulations 3(a), (b), (c), and (d), 4(1), and 4(2)(a) and (g) of PFUIP Regulations.

...

41. Accordingly, taking into account the aforesaid observations and in exercise of power conferred upon me under Section 15 1 of the SEB/ Act read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs. 2,00, 000/- (Rupees Two Lakh Only) under Section 15HA of SEB/ Act, 1992 for violation of Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2011 on the Noticee viz. Kishore V Gandhi HUE which will be commensurate with its violations. "

ii. AO Order dated 29<sup>th</sup> March, 2019, in the matter of Sangam Advisors Ltd., wherein it was inter alia held as under:

"13. Thus, it is the submission of the Noticee that disclosures for transaction dated November 29, 2013 was made with a delay of 1 working day. It also submitted that it made disclosures for its transactions on December 12, 2013 within 2 working days of the transaction, albeit prematurely and under a different regulation based on an erroneous interpretation of statute. Similarly, it submitted that it made a delayed disclosure by seven working days for its transaction on December 31, 2013, again prematurely under different regulation based on an erroneous interpretation of statute. The Noticee also produced acknowledged receipts of disclosures made to the Company as well as the BSE.

14. The Noticee also stated that filing of disclosures under different regulations and instances of delay in filing by one day and seven days were inadvertent, unintentional and not accompanied with any mala fide intention. It also admitted that it did not make relevant disclosures under Regulation 13(3) of the PIT Regulations for its transactions on December 12, 2013 and December 31, 2013 but information relating to these disclosures was already made available in its disclosures filed under SAST Regulations.

- ...
25. Therefore, taking into accounts the facts and circumstances of the instant matter and presence of mitigating factors as discussed above, I am of the view that a penalty of 1,00,000/- will be commensurate with the violation of provisions of PIT Regulations and SAS T Regulations by the Noticee. "
35. In the present matter, it has been alleged that Noticee's executed 1 fraudulent trade each and non - genuine trades in 1 unique contract which resulted in a nominal profits, comparing the same with the other orders of Illiquid Options passed by SEBI and various orders, it is submitted that a lesser penalty like warning may be imposed taking into consideration the mitigating factors and circumstances as mentioned above.
36. Thus in view of the facts stated, arguments advanced and authorities cited, it is humbly prayed that the present proceedings be quashed since no primary violation of any PFUTP Regulations is made out against the Noticee and the genuineness of the trades has also been explained hereinabove. Therefore the question of holding an inquiry against the Company in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and imposing penalty for the alleged violation does not arise.

Additional Submissions of Noticees 19 to 23 and 29:

- ...
1. At the outset we express my sincere gratitude for allowing a patient hearing today oh the captioned matter.
  2. Without prejudice to the submission that our transactions are not in violation of SEBI Act and Regulations as alleged or at all, we humbly submit that the transactions are alleged to be synchronised, reversal trades in illiquid options.
  3. We humbly submit that the allegations are in line with the allegations in case of more than 14000 entities that traded in BSE options contract, where SEBI has come up with a special scheme of settlement. Such a scheme has not been implemented for our case as our trades are on NSE.
  4. We humbly submit that SEBI being state has to ensure equality before law and therefore we should also be allowed to avail such a scheme and merely because the trades were on NSE cannot be a reason to distinguish us from the people who traded on BSE.
  5. We therefore request your good self to consider my request of allowing settlement of transactions in a similar manner like the opportunity given to thousands of people.
  6. Also find annexed the death certificate of Mr. Manilal Gada which we missed out annexing in our earlier reply.
  7. We believe that our submissions are adequate to address your concerns and request you to drop the charges in the SCN without any adverse inference.
- ...

Submissions of Noticee 20:

1. At the outset the Noticee denies having violated the PFUTP Regulations as alleged or otherwise. Nothing contained in the SCN shall be deemed to be admitted on account of non-traverse or otherwise, unless expressly admitted in this reply.
2. A common SCN has been issued to the 36 entities wherein the Noticee has preferred to respond to the clause of the SCN that relate to the Noticee.
3. It may kindly be noted that all submissions in this reply are without prejudice to one another.
4. The Noticee is a law abiding entity and have always complied with all the applicable laws in letter and spirit.
5. The SCN has categorised some of the entities in 3 groups, which are connected to one another in some manner or another and the Noticee is also alleged to be a part of Group 3.
6. The Noticee had traded in the Nifty options and because of these trades executed, the captioned SCN has been issued to the Noticee.
7. It has been alleged that the Noticee has executed trades in 2 contracts and the said trades have matched with Noticee No. 30 wherein the Noticee had a positive price difference of Rs.10.43 Lakhs. Details of trades is given hereunder:

Expiry Date	Strike_Price	Trade_Date	Buy_Clnr_Name	Sell_Clnr Name	Trd_Price	Traded Qty
		04/03/2014	VAIBHAV NAGJI RITA	NIRSHILP SECURITIES PVT. LTD.	874.25	5600
	5450 CE)	06/03/2014	NIRSHILP SECURITIES PVT. LTD	VAIBHAV NAGJI RITA	1011.35	5600
29/05/2014		05/03/2014	VAIBHAV NAGJI RITA	NIRSHILP SECURITIES PVT. LTD.	910.5	6150



	7350 (PE)	07/03/2014	NIRSHILP SECURITIES PVT. LTD.	VAIBHAV NAGJI RITA	955.25	6150
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8. *It is alleged that these trades were synchronised and were squared off with each other.*
9. *The SCN also compares price the trades of the Noticee with the trades in other options contracts to suggest that the trades of the Noticee were non-genuine.*
10. *It is denied that there is any pre-determined arrangement as alleged at all and the Noticee submits that the trades are genuine and in normal course of business.*
11. *The SCN categorically records that only 2 transactions were executed by the Noticee. If the noticee wanted to get into pre-determined arrangement, then it would not be done only for 2 transactions.*
12. *The Noticee was also subjected to various charges and taxes on the transactions inter alia including Exchange Turnover Charges, Service Tax, STT, SEBI Turnover Fee, Stamp Duty etc.*
13. *All these transactions have been perfectly recorded in the regular books of accounts, records and Income Tax Returns.*
14. *It is extremely absurd on the part of SEBI to suddenly label these transactions as artificial and non-genuine after a period of 8 years from the date of the transactions on completely untenable grounds and unjustified reasons. Therefore, the SCN is liable to be set aside on this reason alone, leave apart other valid reasons and explanation herein below.*
15. *The Noticee took a buy position in one of the contract on March 4, 2014 and the same was squared off on March 6, 2014. In another contract the position was taken on March 5, 2014 and squared off on March 7, 2014. It means that the transaction was not in the nature of synchronised and reversal trade. Your kind attention is drawn to the order of the Hon'ble WTM of SEBI bearing no. WTM/MPB/IVD-ID8/161 12018 dated April 5, 2018 wherein the trades carried out and reverse on the same day were treated to be manipulative for similar allegations for trades in BSE stock options. The current case before your good self is completely different as in the current case the Noticee carried forward the transactions for 2 days and squared them off on the 3<sup>rd</sup> day.*
16. *During this period the Noticee had paid full margin on the position and if the intention was to merely generate a profit in a pre-determined fashion then there was no need for the noticee to carry forward the position for 3 days and pay margins thereon.*
17. *The fact that the square-off was done after a reasonable amount of time is adequate to substantiate that it was not pre-determined as alleged or at all and that the profits have come in normal course.*
18. *From the SCN it is understood that both legs of trades matched with one M/S Nirshilp Securities Pvt. Ltd. and the Noticee is no way connected to that entity or any of the directors thereof.*
19. *The comparison of trades of the Noticee with other contracts proves beyond doubt that the transactions were genuine. The reasons thereof are given below:*
  - a. *The SCN records that Nifty closed at 6297.95 on March 4, 2014. The Noticee Bought Nifty 5450 Calls at Rs. 874.25. The intrinsic value of the contract itself was Rs. 847.45 and the balance was time value. No fault can be found in this transaction.*
  - b. *The Noticee squared off the transaction on March 6, 2014 and the Nifty on that day closed at 6401.15. Because of the rise in Nifty, the intrinsic value of the contract increased to Rs. 951.15 and the Noticee's trade has taken place at 1011.35 suggesting that price movement in the options contract was in line with the movement of the underlying.*
  - c. *A 103 points movement in index can easily result in change in options price by Rs. 137 and therefore no fault can be found with the transaction.*
  - d. *Likewise in another contract the Index increased and price the option contract also increased.*
20. *All the above goes on to suggest that price difference was completely in line with the movement of Nifty and no fault can be found with it.*
21. *The SCN alleges that the Noticee has generated artificial volume by executing non-genuine trades and creating false and misleading appearance of trading, which was manipulative and deceptive. It is submitted that the alleged trades are wrongly categorised as non-genuine, for the reasons recorded hereunder:*
  - a. *The word "non-genuine" is not defined in PFUTP Regulations or any of the Acts / Regulations of SEBI. This leaves us to rely on dictionary meaning of the word to test whether the alleged trades fall under the categories of artificial volume through non-genuine trades.*
  - b. *The term "non-genuine" is opposite of "genuine" which is defined as "really coming from its reputed source etc; not sham; properly so called; pure bred."*
  - c. *The alleged trades have all traits of being genuine and therefore cannot be categorised as non-genuine. These trades were executed on the anonymous platform of the Exchange, without any knowledge of counter party, at price ranges that were permitted by the Exchange and SEBI and the obligations arising out of it have been settled through the clearing mechanism of the Exchange.*

- d. Since the trades do not fall under the definition of non-genuine transactions, they cannot be categorised to be creating artificial volume and effectively cannot be said to be creating false and misleading appearance of trading or cannot be categorised as manipulative or deceptive trades.
- e. If the intention was to carry out artificial volume and create a false and misleading appearance of trading or execute manipulative and deceptive trades, the frequency of such trades would have been much higher. No one can achieve the alleged manipulative goals with such infrequent non-genuine trades.
22. The SCN fails to highlight any possible reason for executing the alleged non-genuine trades and what has been achieved by executing such trades. Without even having indicated any purpose for carrying out non-genuine trades, there is no reason to categorise them as non-genuine, artificial, manipulative, deceptive or creating false and misleading appearance of trading as wrongly alleged in the SCN.
23. The SCN completely ignores several critical facts and has wrongly categorise the trades as artificial and non-genuine:
- a. The SCN is issued based on imaginary and presumptive grounds. It categorises trades of the Noticee as non-genuine in spite of the fact that all these transactions were carried out on the platform provided by the NSE that has been settled through the clearing corporation by way of movement of funds. If at all there was a fault in the platform provided by the stock exchange, SEBI should have taken action against the stock exchange and as SEBI has not taken any action against stock exchange till date, it is clear that trades executed on the stock exchanged should also not be termed as non-genuine or fraudulent. SEBI cannot take action on the investors without taking any action on the Exchange, which allowed such non-genuine transactions to take place on its platform.
  - b. The SCN fails to take into consideration that the anonymous systems of the Stock Exchange do not allow a transacting party to know the details of the counter party and therefore the allegation of executing reversal trades cannot hold good. It is humble submitted that both legs of the transactions of the Noticee matched with the same party came to be known only through SEBI and till that time the Noticee was oblivious of this fact. This goes on to substantiate that the trades were merely a co-incidence and nothing beyond.
  - c. Though the SCN claims that the trades were reversed at significant price difference, it has only compared the value of premium of the contracts. However, in case of options contract the notional value i.e. the value of Strike Price plus the premium is to be considered. In the current case price difference is merely Rs. 137 on a contract of notional value of Rs. 6461.35 which is merely 2.1% and this difference is extremely negligible over a period of 2 days. In case of another contract price difference only Rs. 44.75 on a notional value of Rs. 8305.25 which comes to only 0.5%. The Noticee submits that when price difference is compared with the notional value its change is extremely insignificant and absolutely normal and similar changes are observed in multiple contracts on the Exchanges including the ones having higher volumes than the alleged contracts of the Noticee. Therefore, the Noticee submits that the allegation that there was a significant price difference is incorrect and untenable.
  - d. Further SEBI has issued Risk Disclosure Document that records risks of trading on the stock options segment of the Exchange. Clauses 1.2 and 1.3 deal with Risk of low liquidity and Risk of wider spreads, which quote as under:  
 "1.2 Risk of Lower Liquidity:  
 Liquidity refers to the ability of market participants to buy and/or sell securities / derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities /derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities / derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / derivatives contracts as compared to active securities / derivatives contracts. As a result, your order may only be partially executed. or may be executed with relatively greater price difference or may not be executed at all.  
 1.2.1 Buy in or selling securities / derivatives contracts as part of a day trading strategy may also result into losses. because in such a situation, securities / derivatives contracts may have to be sold / purchased at low / high prices, compared to the expected price levels, so as not to have any open position or obligation to deliver or receive a security / derivatives contract.  
 1.3 Risk of Wider Spreads:  
 Spread refers to the difference in best buy price and best sell price. It represents the differential between price buying a security / derivatives contract and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid securities / derivatives contracts. This in turn will hamper better price formation.  
 From the above clauses recorded in the RDD issued by SEBI it can be construed that SEBI was aware of the possible (significant as per SCN but not actually significant) price difference and losses / profits due to lower liquidity and wider spreads. The SCN itself records that the contracts in which the Noticee dealt were illiquid and therefore the spreads were bound to be wide resulting in so called significant price difference in view of

SEBI, which is also appreciated by the RDD issued by SEBI. However, this knowledge has been ignored while issuing the SCN and the SCN wrongly goes on to allege that these trades are non-genuine. Such a conclusion is absolutely untenable in light of the fact that SEBI itself recognises that significant price difference may occur in contracts with lower liquidity and wider spreads.

- e. The SCN fails to appreciate that though SEBI and Exchanges have put in place a mechanism of price band in Capital Market Segment to control extreme volatility, which may result in trades taking place at unrealistic prices. No such price band mechanism was in place for options segment. This in itself means that all prices at which our trades were executed were genuine.
- f. The SCN fails to appreciate that pricing of options is a complex arithmetical calculation based on several variables most of which are subjective and presumptive thus making a huge range of price to be completely valid and genuine. Price an option is derived based on complex formulas dealing with price the underlying, time to expiry, expected volatility, rate of interest etc., all of which are dynamic thus resulting in exponential increase in the lower and upper valid prices of options as a result of which SEBI and Exchanges in their wisdom did not stipulate any price band for options. After having failed to put in place such a mechanism due to complexity of such a product in spite of having infinite wherewithal with SEBI and Exchanges, it cannot be expected of common investors and traders to know the correct range of option prices.
- g. During the period of trading there was high volatility in Nifty Contracts and the fluctuation therein can be seen hereinbelow:

Symbol	Date	Expiry	Open	High	Low	Close
NIFTY	04-Mar-2014	29-May-2014	6315.00	6403.00	6310.45	6398.25
NIFTY	04-Mar-2014	29-May-2014	6419.00	6424.00	6372.80	6416.10
NIFTY	04-Mar-2014	29-May-2014	6434.05	6500.00	6424.80	6494.70
NIFTY	04-Mar-2014	29-May-2014	6515.00	6625.00	6500.00	6614.80

- h. From the above table it can be seen that the Low on March 4, 2014 was 6310.45 and the high was 6625 which means that there was a movement of 314.55 points and therefore price difference of Rs. 137 in one contract and Rs. 44.75 in another is no way absurd.
  - i. The SCN records that the Noticee has carried out one non-genuine transaction of buy and sell. It is submitted that to allege violation of PFUTP regulations. However, the SAT has held it contrary to the view of the SCN. Attention is humbly drawn to the order of the Hon'ble SAT in the matter of Appeal No. 276 of 2020 (Dhvani Darshan Kothari v/s SEBI) where SAT quotes "14. In so far as the appeal of Dhvani Darshan Kothari & Anr. is concerned, who are in the second group, the said appellants have been penalized on the charge that they are connected on the basis of a common mobile number. This charge is apparently common and, therefore, we are of the opinion that the appellants cannot be found connected on the basis of a common mobile number which is insufficient.
15. The appellants have been charged and found guilty on the basis of purchasing the scrip off-market from Bahar Paper Pvt. Ltd. and was found to have sold the same shares online to the same counter party and, therefore, came to the conclusion that these trades are fraudulent We find that the appellant Dhvani Kothari purchased 10,000 shares off-market on June 30, 2009 and had sold the same on July 7, 2009. Her husband the second appellant purchased 50,000 shares on June 16, 2009 and sold 40,000 shares online.
17. This Tribunal held that purchasing off-market from Bahar Paper Pvt. Ltd. and selling online to the same counter party may raise strong suspicion that the transfer may not be genuine. The Tribunal found that no reasons were recorded as to how the said trades are manipulative and fraudulent and that one transfer cannot make it synchronized, circular or reversal and execution of one trade cannot be treated at par with the trades executed by the other entities which were large in number.
- j. In the current case also the Noticee is alleged to have executed only 2 trade and therefore a similar treatment as in case of Dhvani needs to be given and like she was exonerated of her charges, the Noticee also deserves the same treatment.
  - k. The SCN does not provide an iota of evidence as to how the Noticee was related or connected to the counter parties. Therefore, it is submitted that without the theory of collusion or meeting of minds between the two parties being established, the allegations in the SCN do not hold good. Further there is no reason for unknown people to deliberately allow profits or losses to one another without being related and the SCN failed to highlight any relationship between buyers and sellers.
  - l. It is also not a case in the SCN that other investors have got carried away or have been misled due to the trades carried out by the Noticee. Further it is not even alleged that third parties suffered any loss due to the transactions carried out by the Noticee. Some other party has been affected by these trades as they got reversed with same party (which the Noticee understand only through SEBI) and no impact what so ever has been caused to anyone because of these trades.
  - m. Above all there is no charge of price manipulation in the SCN and without manipulating price a security or contract no person can gain anything from artificial trades.

24. Reliance is placed on various decisions of the Hon'ble Securities Appellate Tribunal:
- In *Jagruti Securities vs SEBI*. [2008 SCC Online SAT 184: 2008 SAT 184], it was inter held as under:  
 "... we are of the view that in an artificial trade there has to be collusion between the buyer and the seller and in the absence of any collusion, the trade cannot be termed as 'artificial'."
  - In *S.P.J. Stock Brokers Pvt. Ltd. vs Securities and Exchange Board of India* [2013 SCC Online SAT 67: [2013] SAT 17] it was inter alia held as under:  
 "13. Unless some connection between appellant and counterparties with whom appellant traded is established, it is difficult to hold that trades in question were carried out with a view to manipulate market by creating false volumes resulting in upsetting market equilibrium."
  - In *HB Stockholdings Limited vs SEBI* [2013 SCC OnLine SAT 56: [2013] SAT 44] it was inter alia held as under:  
 "17. ... It may be noted that synchronization of trades is not per se illegal. It is actionable only if it is illegitimate and is the outcome of a mischievous meeting of minds among certain parties. For this purpose, the counter party, namely, Gloria Investment Limited has already been exonerated by the Respondent. Moreover, no cogent and convincing reasons are forthcoming from a reading of the SCN or the impugned order to sustain such a charge of synchronization or creation of artificial volumes against the Appellants. In this connection, we may also pertinently note that the mere factum of one or two Appellants sharing common address or one of the Appellants being the promoter of the other group at some point in time are not in themselves sufficient to bring home the residual charge against the Appellants. There has to be sufficient evidence on record to clearly prove connivance on the part of the Appellants with a counter party to prove the charge in question against the Appellants. In the absence of any such evidence and unambiguous findings by the learned WTM to this effect, we have no option but to quash the impugned order in question"
  - In the matter of *R.K. Global vs. SEBI* (Appeal No. 158 of 2008, Date of decision 16<sup>th</sup> September, 2010) it was inter alia held that:  
 "...Let us not forget that the Appellant has been charged for executing fraudulent trades which is, indeed, a serious charge and cannot be established on mere suspicion and should have firmer ground to stand upon. A higher degree of probability must exist before such a charge could be found to have been established."
25. The SCN does not allege that the Noticee colluded with the counter parties and in absence of any such allegation or material, the allegation of carrying out fraudulent or artificial trades does not hold good.
26. The SCN alleges that by executing the trades mentioned in the SCN, the Noticee has violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations, the same is denied for the reasons stated hereinunder:  
 Regulation 2(1)(c) quotes as under:  
 "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include —
- a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;
  - a suggestion as to a fact which is not true by one who does not believe it to be true;
  - an active concealment of a fact by a person having knowledge or belief of the fact;
  - a promise made without any intention of performing it;
  - a representation made in a reckless and careless manner whether it be true or false
  - any such act or omission as any other law specifically declares to be fraudulent,
  - deceptive behaviour by a person depriving another of informed consent or full participation,
  - a false statement made without reasonable ground for believing it to be true.
  - the act of an issuer of securities giving out misinformation that affects the market price the security, resulting, in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price."
- There is nothing on record to substantiate that the Noticee knowingly misrepresented the truth or concealed material fact, suggested a fact that the Noticee believed is untrue, concealed any fact required to be disclosed. Further the Noticee never made any promise or representation, and has not omitted any obligation under other law. Even further the Noticee's behaviour was no way deceptive, nor has the Noticee made any false statement. Lastly the Noticee has not issued any securities and the question of giving misinformation in relation thereto does not arise.
- As none of the Noticee's acts fall under the definition of 'fraud' as provided under Regulation 2(1)(c), the Noticee cannot be charged of having violated PFUTP Regulations.
- Analysis of the applicability of the PFUTP Regulations in the SCN:

Sr. No.	Reg./ Sec. No.	Regulation	Explanation
1.	3	No person shall directly or indirectly-	
2.	3(a)	buy, sell or otherwise deal in securities in a fraudulent manner;	None of the Noticee's acts can be categorized as fraud under Reg. 2(1)(c) The Noticee transacted on the anonymous trading system of the Exchange without the knowledge of who the counter parties are. All the trades are validly settled on the Exchange Platform. The trades were within price range permitted by the Exchange.

			There is no charge of meeting of mind or collusion with the counter party.
3.	Reg. 3(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;	None of the Noticee's acts can be said to have been in the form of a manipulative or deceptive device or in contravention to the provisions of the Act, rules or regulations of SEBI. The trades were validly executed on the platform of the Exchange and fully settled. No one has been alleged to have been affected by the trades which are allegedly manipulative. The alleged trades have taken place only on 4 days and with such infrequent trades, it is impossible to form a manipulative or deceptive device or contrivance in contravention to the provisions of Act and Rules of SEBI.
4.	Reg. 3(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;	The SCN fails to establish that The Noticee employed any device, scheme or artifice to defraud anyone. Further when the allegation pertains to carrying out a fraud, there has to be a defrauded party or someone has to be induced to trade. No person has claimed to be defrauded or have been induced to trade because of the Noticee's trades.
5.	Reg. 3(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.  <b>Already responded in explanations above.</b>	
6.	4(1)	Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.	<b>Already responded in explanations above.</b>
7.	4(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:—	
8.	4(2)(a)	indulging in an act which creates false misleading appearance of trading in the securities market;	The trades were in normal course of business and the settlement has been made by the Exchange and the transactions have been correctly reflected in the books of accounts and therefore the trades are perfectly genuine. No false or misleading appearance of trading has been created by alleged trades.

27. Now dealing with the Judgment passed by the Hon'ble Securities Appellate Tribunal in the matter of Global Earth Properties Ltd. vs. SEBI (Appeal No. 212 of 2020, Date of decision 14th September, 2020), wherein it was inter alia held as under:  
"20. From the aforesaid cumulative analysis of the reversed transactions with the counter party, quantity, time and significant variation of 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 booked 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."
28. In the present matter it is to be noted that only 2 trade that too which was carried forward for 3 days cannot lead to a conclusion like the judgement aforesaid as the same was for frequent trades and reversal in few minutes or seconds on the same day which is not the current case.
29. Without prejudice to the aforesaid, if at all it is held that the Noticee violated the aforesaid PFUTP Regulations, then in that case it is submitted that no penalty should be imposed on the Noticee taking into consideration the mitigating circumstances and factors under Section 15 J of the SEBI Act.
- The Noticee was under the belief that since the transactions executed were under the stock exchange mechanism and were therefore genuine;
  - No illegal gain has been made by the Noticee while trading in the stock options segment;

- iii. No loss has been caused to any investor or group of investor as a result of the Noticee's trading nor the same has been alleged against the Noticee in the SCN;
- iv. This is the first time, SEBI has taken any kind of action against the Noticee.
30. Reliance is also placed on the following judgments:
- a. The Hon'ble Bombay High Court in the matter of Securities & Exchange Board of India v. Cabot International Capital Corporation, 2004 SCC Online Bom 180:  
38. Thus, the following extracted principles are summarised.  
...  
(G) Though looking to the provisions of the statute, the delinquency of the defaulter may itself expose him to the penalty provision yet despite, that in the statute minimum penalty is prescribed, the authority may refuse to impose penalty for justifiable reasons like the default occurred due to bona fide belief that he was not liable to act in the manner prescribed by the statute or there was too technical or venial breach etc.  
....
44. Now, the question, of the penalty by the Adjudicating Authority, in the facts and circumstances of the case, was warranted or not. We find that the allotment in question was undoubtedly, covered under the exemption provided in Regulation 3(1). There could not have been insistence by the appellants SEBI/ to comply with the requirements of Regulation 3(4). It is also clear that when an acquisition is covered under Regulation 3, the acquirer is required to report to the Board under the sub-Regulation 3(4) within the specified time, as referred above. In view of this undisputed position, merely because there was no report filed, that itself cannot be read as serious defect or non-compliances of the said provisions. The Appellate Authority, after considering the material on record, including the events, referred in the pleadings, found that the respondents company had no intention to suppress any material information from the appellants or the share- holders.
- a. In the matter of Yogi Sungwon (India) Ltd. v/s SEBI - Appeal No. 36 of 2000, Order dated May 04, 2001, wherein Hon'ble Securities Appellate Tribunal had inter alia observed that:  
".....On perusal of section 15I it could be seen that imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The words in the section that 'he may impose such penalty' is of considerable significance, especially in view of the guidelines provided by the legislature in section 15J. 'The Adjudicating Officer shall have due regard to the factors' stated in the section is a direction and not an option. It is not incumbent on the part of the Adjudicating Officer, even it is established that the person has failed to comply with the provisions of any of the sections specified in the sub-section (1) of section 15-I, to impose penalty. It is left to the discretion of the Adjudicating Officer, depending on the facts and circumstances of each case...."
- b. In the matter of National Highway Authority of India v/s SEBI - Appeal No. 232 of 2020, Order dated August 27, 2020, wherein it was inter alia observed that:  
"23. In the light of the aforesaid, there is no doubt that if the Regulations require a particular act to be done in a particular manner and within the stipulated period then noncompliance of the said provisions would invite imposition of penalty but the law also provides and gives power to the respondent to relax the strict enforcement of the Regulations. We are of the opinion that the Adjudicating Officer failed to take into consideration the mitigating circumstances as a factor under Sec. 15-J while considering the imposition of penalty.  
24. Consequently, for the reasons stated aforesaid, we are of the view that even though there has been a violation of Regulation 52 of the LODR Regulations but in the peculiar facts and circumstances of the present case which should not be treated as a precedent for other matters, we are of the opinion that the imposition of penalty of Rs. 7 lakhs in the given circumstances was harsh and excessive."
31. In this regard your attention is drawn to the judgment passed by the Hon'ble Supreme Court in the matter of Adjudicating Officer, Securities and Exchange Board of India v. Bhavesh Pabari has inter alia held that:  
"Sanjiv Khanna, J.— Delay condoned. Two primary questions, in a way interconnected, have been referred by the referral judgment and order dated 14-3-2016 passed in Siddharth Chaturvedi v. SEBI [Siddharth Chaturvedi v. SEBI, (2016) 12 SCC 119]. The correctness of the view expressed on the said two questions by a numerical smaller Bench of this Court in SEBI v. Roofit Industries Ltd. [SEBI v. Roofit Industries Ltd., (2016) 12 SCC 125] would coincidentally arise. The questions referred can be enumerated and summarised as follows:  
1.1. Whether the conditions stipulated in clauses (a), (b) and (c) of Section 15-J of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "the SEBI Act") are exhaustive to govern the discretion in the adjudicating officer to decide on the quantum of penalty or the said conditions are merely illustrative?  
1.2. Whether the power and discretion vested by Section 15-J of the SEBI Act to decide on the quantum of penalty, regardless of the manner in which the first question is answered, stands eclipsed by the penalty provisions contained in Section 15-A to Section 15-HA of the SEBI Act?  
3. For the purposes of the present reference, we may proceed to consider the provisions contained in Chapter VI-A of the SEBI Act. Sections 15-A to 15-HA are the penalty provisions whereas Section 15-1 deals with the power of adjudication and Section 15-J enumerates the "factors to be taken into account by the adjudicating officer" while adjudging the quantum of penalty.  
...  
5. Insofar as the second question is concerned, if the penalty provisions are to be understood as not admitting of an exception or discretion and the penalty as prescribed in Section 15-A to Section 15-HA of the SEBI Act is to be mandatorily imposed in case of default/failure, Section 15-J of the SEBI Act would stand obliterated and eclipsed. Hence, the question referred. Sections 15-A(a) to 15-HA have to be read along with Section 15-J in a manner to avoid any inconsistency or repugnancy. We must avoid conflict and head-on-clash and construe the said provisions harmoniously. Provision of one section cannot be used to nullify and obtrude another unless it is impossible to reconcile the two provisions. The Explanation to Section 15-J of the SEBI Act added by Act 7 of 2017, quoted above, has clarified and vested in the adjudicating officer a discretion under Section 15-J on the quantum of penalty to be imposed while adjudicating defaults under Sections 15-A to 15-HA. Explanation to Section 15-J was introduced/added in 2017 for the removal of doubts created as a result of pronouncement in Roofit Industries Ltd. case (SEBI v. Roofit Industries Ltd. (2016) 12 SCC 125]. We are in agreement with the reasoning given in reference order dated 14-3-2016 [Siddharth Chaturvedi v. SEBI. (2016) 12 SCC 1191 that Roofit Industries Ltd. (SEBI v. Roofit Industries Ltd. (2016) 12 SCC 1251 had erroneously and wrongly held that

Section 15-J would not be applicable after Section 15-A(a) was amended with effect from 29-10-2002 till 7-9-2014 when Section 15-A(a) of the SEBI Act was again amended. It is beyond any doubt that the second referred question stands fully answered by clarification through the medium of enacting the Explanation to Section 15-J vide Act 7 of 2017, which also states that the adjudicating officer shall always be deemed to have exercised and applied the provision. We, therefore, deem it appropriate to hold that the provisions of Section 15-J were never eclipsed and had continued to apply in terms thereof to the defaults under Section 15-A(a) of the SEBI Act.

6. Reference order in *Siddharth Chaturvedi (Siddharth Chaturvedi v. SEBI)*. (2016) 12 SCC 1191 on the said aspect has observed that Section 15-A(a) could apply even to technical defaults of small amounts and, therefore, prescription of minimum mandatory penalty of Rs 1 lakh per day subject to maximum of Rs 1 crore, would make the section completely disproportionate and arbitrary so as to invade and violate fundamental rights. Insertion of the Explanation would reflect that the legislative intent, in spite of the use of the expression "whichever is less" in Section 15-A(a) as it existed during the period 29-10-2002 till 7-9-2014 was not to curtail the discretion of the adjudicating officer prescribing a minimum mandatory till compliance was made, notwithstanding the fact that the default was technical, no loss was caused to the investor(s) and no disproportionate gain or unfair advantage was made. The legislative intent is also clear as Section 15-A(a) was amended by Amendment Act 27 of 2014 to state that the penalty could extend to Rs 1 lakh for each day during which the failure continues subject to a maximum penalty of Rs 1 crore. This amendment in 2014 was not retrospective and therefore, clarificatory and for removal of doubt. Explanation to Section 15-J was added by Act 7 of 2017. Normally the expression "whichever is less" would connote absence of discretion by prescribing the minimum mandatory penalty, but in the context of Section 15-A(a) as it was between 29-10-2002 till 7-9-2014, read along with Explanation to Section 15-J added by Act 7 of 2017, we would hold that the legislative intent was not to prescribe minimum mandatory penalty of Rs 1 lakh per day during which the default and failure had continued. We would prefer to read and interpret Section 15-A(a) as it was between 29-10-2002 and 7-9-2014 in line with Amendment Act 27 of 2014 as giving discretion to the adjudicating officer to impose minimum penalty of Rs 1 lakh subject to maximum penalty of Rs 1 crore, keeping in view the period of default as well as aggravating and mitigating circumstances including those specified in Section 15-J of the SEBI Act." (emphasis supplied)

32. SEBI in view of the aforesaid judgment passed by the Hon'ble Supreme court has in various matters imposed penalty lesser than the minimum prescribed penalty. Two of such cases are mentioned hereinunder:
- i. AO Order dated 26<sup>th</sup> February, 2021 in the matter of Octant Interactive Technologies Limited, wherein it was inter alia held as under:  
"35. Therefore, in view of the above, I hold that the Noticee by indulging in reversal/synchronized trades in connivance with others without the intention of transferring beneficial ownership leading to false and misleading appearance of trading in the securities market has violated the provisions of Regulations 3(a), (b), (c), and (d), 4(1), and 4(2)(a) and (g) of PFUTP Regulations.  
...  
41. Accordingly, taking into account the aforesaid observations and in exercise of power conferred upon me under Section 15 1 of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs. 2,00,000/- (Rupees Two Lakh Only) under Section 15HA of SEBI Act, 1992 for violation of Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2011 on the Noticee viz. Kishore V Gandhi HUF, which will be commensurate with its violations."
  - ii. AO Order dated 29<sup>th</sup> March, 2019, in the matter of Sangam Advisors Ltd., wherein it was inter alia held as under:  
"13. Thus, it is the submission of the Noticee that disclosures for transaction dated November 29, 2013 was made with a delay of 1 working day. It also submitted that it made disclosures for its transactions on December 12, 2013 within 2 working days of the transaction, albeit prematurely and under a different regulation based on an erroneous interpretation of statute. Similarly, it submitted that it made a delayed disclosure by seven working days for its transaction on December 31, 2013, again prematurely under different regulation based on an erroneous interpretation of statute. The Noticee also produced acknowledged receipts of disclosures made to the Company as well as the BSE.  
14. The Noticee also stated that filing of disclosures under different regulations and instances of delay in filing by one day and seven days were inadvertent, unintentional and not accompanied with any mala fide intention. It also admitted that it did not make relevant disclosures under Regulation 13(3) of the PIT Regulations for its transactions on December 12, 2013 and December 31, 2013 but information relating to these disclosures was already made available in its disclosures filed under SAST Regulations.  
...  
25. Therefore, taking into accounts the facts and circumstances of the instant matter and presence of mitigating factors as discussed above, I am of the view that a penalty of 1,00,000/- will be commensurate with the violation of provisions of PIT Regulations and SAST Regulations by the Noticee. "
33. In the present matter, it has been alleged that Noticee executed 2 non-genuine trades in 2 unique contract which resulted in a nominal profit of Rs. 10.42 Lakhs, comparing the same with the other orders of Illiquid Options passed by SEBI and various orders, it is submitted that a lesser penalty like warning may be imposed taking into consideration the mitigating factors and circumstances as mentioned above.
34. Thus in view of the facts stated, arguments advanced and authorities cited, it is humbly prayed that the present proceedings be quashed since no primary violation of any PFUTP Regulations is made out against the Noticee and the genuineness of the trades has also been explained hereinabove. Therefore the question of holding an inquiry against the Company in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and imposing penalty for the alleged violation does not arise.

## Submissions of Noticee 24:

1. *The Noticee is in receipt of the captioned Show Cause Notice bearing reference no. EAD5/MC/HP/4766/2022 dated February 04, 2022 (hereinafter be referred to as, the "Notice / SCN") in the matter of trading activities of certain entities in Index options contracts of NIFTY. Vide the SCN your goodself has called upon the Noticee, to show cause as to why an inquiry should not be held against him in terms of Rule 04 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter be referred to as, the "Adjudication Rules") read with Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter be referred to as, the "SEBI Act"), and penalty should not be imposed in terms of Rule 05 of the Adjudication Rules and the provisions of Section 15HA and 15HB of SEBI Act.*
2. *In the aforesaid Notice, it has inter alia been alleged that the Noticee indulged in execution of synchronization of trades in NIFTY Options Contracts with Nirshilp Securities Private Limited (hereinafter referred to as "Noticee No. 30/counterparty") after a gap of 01 trading day. The major allegation levied upon the Noticee in the Notice is the execution of 48 alleged non-genuine trades in 60 NIFTY Options contract, of which its trades were matched with Noticee No. 30 in 21 contracts. It has been alleged further that such trades were non-genuine and fictitious in nature and Noticee herein articulated its trading strategy in such a way that Noticee No. 30 always incurred Negative square off difference and Noticee herein incurred Positive squared off difference during the period January 01, 2014 to January 01, 2015 (hereinafter be referred to as, the "Investigation Period/IP"). Thus, the SCN alleges that Noticee violated Regulations 3(a), (b), (c) and (d) and 4(1) and 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter be referred to as, the "PFUTP Regulations").*
3. *At the outset, it is submitted that the Noticee does not accept or admit anything stated in the Notice except where the same is expressly admitted by the Noticee in this reply. Nothing stated in the SCN shall be deemed to be admitted by Noticee merely on account of non-traverse and unless the same is specifically admitted by it herein.*
4. *At the further outset, the Noticee submits that all the allegations mentioned in the Notice, are baseless, bald, sweeping, vague, unfounded, misconceived and speculative, based on assumptions, surmises and conjectures and are completely contrary to factual position on record.*
5. *Further, the Noticee denies that, they have violated any of the provisions of SEBI Act, Regulation 03 and 04 of the PFUTP Regulations and there is no basis/ material for the same. It is further submitted that the Noticee has not indulged in any fraudulent and unfair trade practices relating to the securities so as to warrant any kind of directions under provisions of SEBI Act, 1992. The Noticee humbly submits that his trading at National Stock Exchange of India Limited (hereinafter referred to as "NSE") is genuine, bonafide and executed in complete compliance with all the guidelines and directions of SEBI and Exchanges.*
6. *Before going into the detailed reply, Noticee brief background as under:*
  - a. *Mr. Shapoorji Pallonji Mistry is the Noticee, aged 58 years. The Noticee is a Non-resident Indian and is a Chairman of Shapoorji Pallonji group, a 154 year old diversified business conglomerate with business interests in Construction, Real Estate, Infrastructure, Water, Oil & Gas and Renewable Energy. The group has a presence in more than 50 countries. Mr. Shapoorji Mistry holds a degree in Business Administration and Economics from the Richmond College, London.*
  - b. *The Noticee humbly submits that his trading at National Stock Exchange of India Limited (hereinafter referred to as "NSE") is genuine, bonafide and executed in complete compliance with all the guidelines and directions of SEBI and Exchanges.*
7. *Submissions regarding non-adherence to and violation of the Adjudication Rules:*
  - a. *At the outset and without prejudice to the below submissions, it is brought to your goodself's notice that the SCN has been issued in apparent disregard to the procedure established under the Adjudication Rules. From the perusal of the SCN it can be seen that it is a composite notice where the addressee/ noticee has been directed/required to show as to why no inquiry should be held and why penalty should not be imposed at the same point of time while the Adjudication Rules requires issuance of notice to show cause firstly, as to why an enquiry should not be held and secondly, as to why the penalty should not be imposed. It is submitted that the scheme of Rule 04 of the Adjudication Rules provides for two separate and distinct stages of the proceeding, one being a show-cause as to why an enquiry should not be held and only after arriving at an opinion that an enquiry is required to be held, the other notice as regards the penalty to be imposed can be made. The composite SCN, as issued in the present case, by which the two stages of the proceeding was amalgamated into one would not be maintainable as the second stage of issuing the notice for penalty requires the satisfaction of the condition precedent of there being an opinion formed that the enquiry is required to be held and hence the SCN itself has been issued in complete disregard to the procedure established under the law for which the SCN deserves to be withdrawn altogether.*
8. *Submissions regarding non-adherence and violation of the principles of natural justice:*
  - a. *It is humbly submitted that the complete materials/ documents in support of the aforesaid allegations have not been made available to the Noticee. Due to the unavailability of all such documents/material based on which the allegations have been levelled against the Noticee, it renders the Noticee ill-equipped to effectively defend the charges levelled against upon in the Notice. Failure to provide such material to the Noticee is bad in law and contrary to the settled principles of natural justice.*
  - b. *However, upon the perusal of the allegations levied against him in the Notice, the Noticee through his authorized representative's letter dated March 22, 2022 had requested certain documents/materials/statements which were referred to and relied upon by SEBI in issuance of the Notice.*



- c. In light of the absence of the documents and the hearing accorded by the SEBI as per the letter dated August 01, 2023, the duly Authorised Representative of the Noticee subsequently submitted a letter dated August 08, 2023, seeking documents and the chance to undertake an inspection.  
Hereto marked and annexed as Annexure — "A" is a copy of the above-mentioned letters requesting documents on behalf of the Noticee dated March 22, 2022.  
Hereto marked and annexed as Annexure — "B" is a copy of the letter seeking document dated August 08, 2023.
- d. Therefore, the Noticee hereby, in the interest of principles of natural justice, once again made a request to your goodself's to provide the Noticee with the copies of the following documents to enable him to file a detailed and appropriate reply to the captioned SCN:
- i. Copy of the complete investigation report.
  - ii. Copy of all the material placed before the Board and the Ld. Adjudicating Officer and the file notings for coming to a decision regarding there being sufficient grounds to issue the SCN and to initiate an "inquiry" against Our Clients regarding the alleged violation and/or imposition of penalty.
  - iii. Copy of the file notings of concerned departments and authority dealing with the judgment of Hon'ble Tribunal dated February 11, 2005 in the matter of Viram Investments Private Limited vs. SEBI (Appeal No. 160 of 2004).
  - iv. Copy of the complete order log and trade log for the investigation period i.e. January 01, 2014 to January 01, 2015 in both National Stock Exchange of India Limited (hereinafter referred to as the "NSE") and BSE.
  - v. Extract and complete information of the alleged trades executed by Our Clients in all the scrips/ options during January 01, 2014 to January 01, 2015 in both NSE.
  - vi. Complete details of the options in which Our Clients had traded during the investigation period in both BSE and NSE.
  - vii. Price movement with time stamps in all the scrips in which trades have been executed by Our Clients during the investigation period in both NSE and BSE
  - viii. Relationship of Our Clients with counter parties broker/counter party client/ s in the alleged transactions executed by Our Client.
  - ix. Records/ recording of order placement by Our Client with the concerned broker.
  - x. Order book maintained by the Broker for Our Client.
  - xi. Any other documents/material relied upon while issuing the SCN for the alleged violation in the captioned matter.
  - xii. Volatility index in the underlying scrips of the options in which trades have been executed by Our Clients during the investigation period in both NSE and BSE.
  - xiii. Copy of evidence to show that the alleged trading of Our Clients has caused any damage to any other investors/ group of investors or impacted the market integrity in any other manner or that Our Clients has influenced the market.
  - xiv. Copies of the file noting of officers dealing with the Our Clients earlier requests for documents and settlement of the present matter.
  - xv. Copies of SEBI Board's Agenda Notes and Minutes of the Meeting where the decision regarding approving of the Settlement Schemes for individuals was taken.
- e. Pursuant to this, you goodself had afforded the Noticee the opportunity to conduct inspection of document, vide an email dated August 11, 2023. In this correspondence, the Noticee was duly granted a chance for inspection scheduled for August 25, 2023. It is noteworthy that the Authorised Representative of the Noticee duly attended this scheduled inspection.
- f. Regrettably, during the course of the inspection, the Authorised Representative was only furnished with a copy of the Investigation Report and the Annexures to the SCN. Furthermore, it is imperative to underline that no additional documents were made available pertaining to the aforementioned matter. They were solely supplied with a mere copy of the Investigative Report, which constitutes only a fundamental part. The remaining documents, pivotal for the Noticee were crucial to make an informed determination in their case, were not furnished despite repeated entreaties.
- g. In light of the aforementioned circumstances, it becomes evident that the Noticee's right to a comprehensive document review has been impeded. The non-provision of critical documents creates an uneven playing field, hindering the ability to adequately respond to the allegations put forth in the SCN. This lack of access to pertinent information fundamentally undermines the Noticee's ability to defend himself.
- h. In this regard, the Noticee would like to draw your goodself's attention to the observation of the Hon'ble Supreme Court of India in the matter of T. Takano vs. Securities and Exchange Board of India, Civil Appeal No. 487-488 of 2022, wherein Hon'ble Apex Court held that:  
"The appellant has a right to disclosure of the material relevant to the proceedings initiated against him. A deviation from the general rule of disclosure of relevant information was made in Natwar Singh (supra) based on the stage of the proceedings. It is sufficient to disclose the materials relied on if it is for the purpose of issuing a show cause notice for deciding whether to initiate an inquiry. However, all information that is relevant to the proceedings must be disclosed in adjudication proceedings;  
...(ii) The disclosure of material serves a three-fold purpose of decreasing the error in the verdict, protecting the fairness of the proceedings, and enhancing the transparency of the investigatory bodies and judicial institutions;
- Hereto marked and annexed as Annexure — "C" is a copy of the order in the matter of T. Takano vs. Securities and Exchange Board of India.
- i. Reliance has also to be brought on the case of Kanwar Natwar Singh vs Directorate of Enforcement &Anr., (MANU/SC/0795/2010) where the Apex court held that:

A Noticee is always entitled to satisfy the Adjudicating Authority that those very documents upon which reliance has been placed do not make out even a prima facie case requiring any further inquiry. In such view of the matter, we hold that all such documents relied on by the Authority are required to be furnished to the Noticee enabling him to show a proper cause as to why an inquiry should not be held against him though the Rules do not provide for the same.

Hereto marked and annexed as Annexure — "D" is a copy of the order in the matter of Kanwar Natwar Singh vs. Directorate of Enforcement &Anr.

- j. It is submitted that the aforesaid pending documents/ information with SEBI shows that the data provided by SEBI in the Notice is just the tip of the iceberg and various relevant information and data remains undisclosed by SEBI. Thus, it is submitted that it would not be possible for the Noticee to present a comprehensive reply as demanded by your goodself, without the aforesaid information. The same is a gross violation of Natural Justice, and therefore the entire SCN should be quashed and set aside on this ground alone.
  - k. Therefore, since the relevant documents/materials as demanded by the Noticee are not provided to him till the date of the present reply, it is not possible for the Noticee to present a complete and appropriate reply. The Noticee once again requests your goodself's to concede to his request and provide it with the necessary documents as sought by the Noticee. In light of the fact that presently no documents as sought by the Noticee vide the letters dated March 22, 2022 and August 08, 2023 have been provided to it, the Noticee is therefore limiting his submissions strictly on the basis of the documents available on record. The Noticee reserves his right to file additional submissions upon the perusal of the documents, if any, provided by your goodself.
9. Submissions regarding lack of evidence in support of the contents of the SCN:
- a. It is to be noted that the captioned SCN observed synchronization of trades in stock options segment of NSE. However, it is submitted that since no documents in support of the aforesaid contention in the Notice has been provided by your goodself the Noticee is constrained from making his submission in regard to the same.
  - b. It is also to be noted that SEBI conducted investigation the trading activities of certain entities in Index options contracts of NIFTY from period January 01, 2014 to January 01, 2015. Since no material documents or details about the alleged investigation or the investigation report itself have been provided, therefore it is presumed that no such data or documents exists. in this light, it is submitted that the Noticee has been constrained to file the present reply to the captioned SCN.
  - c. Further, it is submitted that the Noticee denies and disputes any investigations in the matter as the SCN is totally silent and has not provided any material to show proof of any investigation which was carried out. The Noticee further submits that he is not in a position to verify the total trades that were carried out during the investigation period. The Noticee submits that no material whatsoever has been supplied substantiating the claim. Therefore, the present reply has been filed based on the material available on record as provided by SEBI.
  - d. The Noticee submits that along with the SCN the details of only few trades of Noticee have been provided as "Annexure 5" and the data along with the SCN does not provide the details of trades of any other entity, which makes the allegations of the SCN baseless and therefore cannot be relied upon by the Ld. Adjudicating Officer while conducting the present proceedings. Further, the extracts of trades provided along with the SCN are not legible and same cannot be relied upon by the Noticee and the same cannot be relied upon by the Ld. Adjudicating Officer for the present proceedings. The data supplied along with the SCN does not bring out the necessary circumstances under which the orders were placed by the Noticee or executing these trades which were sought by the Noticee however they have not been provided. In the present matter there is no material evidence or proof to reflect upon the conduct and the manner in which the alleged trades were executed.
10. Submissions regarding delay in the present proceedings:
- a. The Noticee submits that there is a long unexplained delay in initiation of proceedings against it. The Noticee would also like to draw your attention to the facts that the investigation period in the instant case is 2014-2015, more than 8 years back from the date of issuance of SCN i.e., February 04, 2022. An important facet of principles of natural justice is that the action must be commenced within a reasonable period of time and inordinate delay of many years in initiation of proceedings is a violation of principles of natural justice as it leads to difficulties for the alleged delinquent in properly defending the case.
  - b. It is submitted that considerable time has lapsed since the Investigation period and it is not humanly possible for the Noticee to recollect the reason or details which might have influenced his decision to carry out the Impugned trades. Further, it is pertinent to mention here that investigation itself has been conducted in the year 2021 i.e., after almost 07 years of the relevant Investigation Period. The inordinate delay in initiation of the present proceedings and the investigation has caused prejudice to the Noticee and has impeded on the ability of the Noticee to present a constructive reply and defend the charges levied against him.
  - c. The Noticee would also like to draw your attention to the Order of the Hon'ble Securities Appellate Tribunal in the matter of Libord Finance Ltd. vs. SEBI, 2008 86 SCL 72 SAT, in which it was stated that:  
"We cannot resist observing that there has been an inordinate delay in initiating action against the appellant. It is alleged to have committed the irregularities in the earlier part of the year 1996 and the show- cause notice was admittedly issued in June 2004. How could anyone file a proper reply after a lapse of more than eight years? This long delay itself causes grave injustice to the delinquent and results in the violation of the principles of natural justice. Such delays defeat the very purpose of the proceedings."
- Hereto marked and annexed as "Annexure E" is a copy of the order in the matter of Libord Finance Ltd. vs. SEBI.
- d. The Noticee would also like to draw your attention to the Order of the Hon'ble Securities Appellate Tribunal in the matter of HB Stockholdings Limited vs. Securities and Exchange Board of India [Appeal No. 114 of 2012] which states as under:  
"... It was further held that inordinate delay in conducting inquiries hangs like Damocles' sword on market players and has a rather demoralizing effect on them when they are ultimately exonerated of all charges. In the case in hand too we note that an unexplained delay of around 13 years taints the entire process of the investigation conducted by SEBI.... "

Hereto marked and annexed as "Annexure F" is a copy of the order in the matter of HB Stockholdings Limited vs. Securities and Exchange Board of India.

e. Through various judgments this Hon'ble Tribunal has made its stand very clear in this particular issue that there cannot be an inordinate delay in initiation of the proceedings even though there is no period of limitation prescribed in the Act and Regulations. In *Ashlesh Gunvantbhai Shah vs. SEBI* on January 31, 2020 (Appeal no. 169 of 2019) the Hon'ble Tribunal held that:

"14. We also find that in the case of *Ashok Shival Rupani (supra)* the period of investigation was January 4, 2010 to January 10, 2011 in the script of *M/S, Oregon Commercial Ltd.* and the show cause notice issued on November 20, 2017 which this Tribunal held that there was an inordinate delay. In the instant case, the same script was investigated for the same period and there is a delay of 7 years in issuing the show cause notice. To this extent, the facts are common. Further, *Civil Appeal No. 8444 — 8445 of 2019 Securities and Exchange Board of India vs. Ashok Shival Rupani & Anr, etc* was dismissed by the Supreme Court on November 15, 2019 thus affirming the decision of this Tribunal.

15. In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice. Even though there is no period of limitation prescribed in the Act and Regulations in the issuance of a show cause notice or for completion of the adjudication proceedings the authority is required to exercise its powers within a reasonable period as held recently in *Adjudicating Officer, Securities and Exchange Board of India vs. Bhavesh Pabari (2019) SCC Online SC 294*. In the instant case, we are of the opinion that the power to adjudicate has not been exercised within a reasonable period and therefore no penalty could be imposed. "

Hereto marked and annexed as "Annexure G" is a copy of the order in the matter of *Ashlesh Gunvantbhai Shah vs. SEBI*.

f. Similar view was taken by this Tribunal in *Mr. Rakesh Kathotia & Ors. vs. SEBI (Appeal No. 7 of 2016)* decided by this Tribunal on May 27, 2019. The relevant paragraph is herein below: -

"23. It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in *Government of India vs. Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771]* held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court in *Bhavnagar University v. Palitana Sugar Mill (2004) Vol.12 SCC 670, State of Punjab vs. Bhatinda District Coop. Milk P. Union Ltd (2007) Vol.11 SCC 363 and Joint Collector Ranga Reddy Dist. & Ant. vs. D. Narsing Rao & Ors. (2015) Vol. 3 SCC 695*. The Supreme Court recently in the case of *Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294* held: "There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."

Hereto marked and annexed as "Annexure H" is a copy of the order in the matter of *Mr. Rakesh Kathotia & Ors. vs. SEBI*.

g. The inordinate delay in the present proceedings is causing serious prejudice to the Noticee. Hence, the present proceeding cannot sustain and is liable to be quashed.

11. Submissions regarding no connection with any person/ entity in the SCN:

a. In order to allege the synchronization of trades in the market, it is imperative to show that parties carrying out the trades (alleged to be synchronized in nature) were connected to each other or at least shared a common objective of synchronizing their trades and with this common objective they carried out trades which were not genuine or which did not intend real trading.

b. Therefore, it is necessary to prove that two contracting parties had struck a deal beforehand, i.e., there was meeting of minds between the two contracting parties. It is submitted that the Noticee was completely unaware of the identity of the actual seller and counter party broker, there cannot be any question of meeting of minds. In fact, no evidence or averments has been put forth in the SCN to suggest that the Noticee had any prior consensus or there existed a meeting of minds with the counter party.

c. Further it is almost impossible to know the identity of the parties in a screen-based transaction. The position has been accepted and affirmed by SEBI before the Joint Parliamentary Committee (JPC) on Stock Market Scam and matters relating thereto, 2001, which tabled its report in the Parliament in December, 2002. In the report it has, inter alia, been stated:

"SEBI has also confirmed that in the screen based trading that is prevalent in the stock exchange now, the buyer or the broker will not be aware of the identity of the seller or the broker. "

d. The SCN alleges the trades with the counterparty were synchronized. It is submitted that synchronization is ipso facto not illegal even under the SEBI Act and SEBI Regulations. SEBI had before JPC, inter alia, stated: "SEBI has since confirmed that synchronized deals are ipso facto not illegal."

e. The aforesaid position is also clear from the fact that SEBI itself recommends several kinds of transactions, which would be capable of synchronizing as valid and legitimate stock market transactions. For instance, SEBI recognizes the concept of negotiated deal i.e. a deal which is struck between the buyer and the seller outside the mechanism of the Stock Exchange, wherein the buyer and seller agree upon quantity, price and the terms of the settlement. In this regard it will be pertinent to advert to SEBI Circular No. SMDRP/POLICY/CIR-32/99 dated September 14, 1999 pertaining to Negotiated Deals. In the said Circular, it was inter alia stated that:

"All negotiated deals (including cross deals) shall not be permitted in the manner prescribed in circulars mentioned above and all such deals shall be executed only on the screens of the exchanges in price and order matching mechanism of the exchanges just like any other normal trade. Provided, however, that Foreign Institutional Investors (FIIs) can avail of the provisions of the special bargains on the exchanges in accordance with their bye-laws or obtain suitable exemptions from exchanges for purchases or sales between FIIs in such companies where the ceiling of FII investment of 24% or 30 % as the case may be, has been reached.

The above decision was taken as negotiated deals avoid transparency requirements, do not contribute to price discovery and some investors do not have benefit of the best possible price and militate against the basic concept of stock exchanges, which are meant to bring together a large number of buyers and sellers in an open manner. "

- f. Thus, in terms of the said Circular, there is no bar on executing the negotiated deals but once a negotiated deal is struck, SEBI obliges that the same be notified to the concerned Stock Exchanges. It is submitted that when a negotiated deal is entered into on the trading screen, there will be meeting of minds of both the Buyer and the Seller, who would simultaneously be aware of the fact that the transaction is being entered on the trading screen in terms of their agreement. Therefore, it necessarily implies that, both buyer and seller would simultaneously enter their sell and purchase transaction at the agreed price on the screen in order to conclude the transaction. This transaction would necessarily be a synchronized transaction. Thus, SEBI itself permits synchronized trading.
- g. It is further submitted that the Noticee did not have any relation/ connection with the counterparty mentioned in the Notice. The trades were done in normal course devoid of any mala fide intentions and knowledge of any such alleged scheme as carved out in the Notice.
- h. The Notice has failed to appreciate that the anonymous systems of the Exchange do not allow a transacting party to know the details of the counter party and therefore the allegation of executing synchronized trades cannot hold good. It is submitted that the Noticee never knew that the trades were in the nature of synchronized trades before receiving the Notice and scrutinising the Annexures thereto.
- i. It is thus submitted that assuming whilst denying that even if any such scheme as described in the Notice was being executed, the Noticee did not have any knowledge about the same and was merely trading in normal course of business. Apart from that the Noticee has absolutely no connection/ relation with any other person/ entity alleged in the Notice.
- j. It is further submitted that, the Notice has also failed to bring out any connection between the Noticee and the other persons/entities mentioned in the Notice, including the counter party broker or the counter party client. Therefore, by no stretch of imagination, it can be presumed that, the Noticee had any relationship/ nexus/ prior meeting of mind with any entities involved in the said trades in options.
- k. A serious charge of fraud and manipulation cannot be levelled merely on the possibility of synchronization of trades. There has to be some collusion / connection / relation / nexus / prior meeting of minds to be shown so as to substantiate such trading between the entities.
- l. In fact, the aforesaid letter seeking documents, the Noticee specifically sought your goodself to provide any such document/material that shows any such relation/ connection with the counter party broker or the counter party client and the same was never provided. Therefore, it is presumed that no such data or documents exists since the Ld. Adjudicating Officer has himself not provided any such document as annexure along with the SCN or on the request of the Noticee.
- m. Thus, it is submitted that the trades in question, by the Noticee were carried out devoid of any connection with the respective counter party.
- n. There was no nexus or consensus between the Noticee and the counter-party, which is a necessary pre-requisite for any allegation of synchronization of trades.
- o. It is further submitted that, in order to establish charges of fraudulent trading or violation of PFUTP Regulations, it is a settled principle of law that there must exist some collusion between the parties to the trades. In this context, your goodself's attention is invited to the following judgments rendered by the Hon'ble Securities Appellate Tribunal:
  - p. In the matter of M/S. Jagruti Securities Ltd vs. Securities Exchange Board of India has clearly held that:  
"...we are of the view that in an artificial trade there has to be collusion between the buyer and the seller and in absence of any collusion, the trade cannot be termed as artificial. "(Emphasis Supplied)  
Hereto marked and annexed as "Annexure I" is a copy of the order in the matter of M/S. Jagruti Securities Ltd vs. Securities Exchange Board of India.
  - q. Further in the judgement of Vintel Securities Pvt. Ltd vs. SEBI, Appeal No. 219/2009 order dated November 23, 2009 the Hon'ble tribunal went on to state that: -  
..."A serious charge of fraudulent and unfair trade practice has been established against the appellant without dealing with the trades executed by it. The adjudicating officer has given no reason whatsoever in support of his conclusion. He has found the Appellant guilty...without showing as to how it was acting in tandem with others. This is not the way in which such charges are established. It is not enough to say that that appellant is guilty of charge. The impugned order must show how the charge stands established. The least that was required was that the adjudicating officer should have dealt with the trades executed by the Appellant and demonstrated as to how the scrip in question was manipulated and the role which the Appellant played in the manipulation. It is not in dispute that it was only the appellant but several other entities were also involved in the manipulation. In absence of any specific finding in regard to the manner in which the Appellant traded in the scrip in question we cannot uphold the impugned order. Consequently, the same is set aside..." (Emphasis Supplied)  
Hereto marked and annexed as "Annexure J" is a copy of the order in the matter of Vintel Securities Pvt. Ltd vs. SEBI, Appeal No. 219/2009 dated November 23, 2009.
- r. As seen herein above, the charge of synchronization of trades necessarily involves the meeting of minds, implying thereby that two parties colluded with each other for entering into artificial trades. It is submitted that the literal meaning of the word 'collusion' as per the Black's Law Dictionary (St. Paul, Minn. West Publishing Co., 1990, Sixth Edition) is "an agreement between two or more persons to defraud a person of his rights by the form of law, or to obtain an object forbidden by law". The term "Collusion" is also defined as "conspiracy; agreement formed with the intent to defraud (Law)".
- s. From the above, it can be concluded that following are the ingredients that one needs to prove for alleging the charge of collusion:
  - There should be an agreement among two or more than two people.
  - The agreement should be secretive.
  - The agreement should be made with an intent of doing something illegal such as defrauding or doing something for disadvantage of others or for something, which is not permitted by law.

- t. Further, in this connection, it is relevant to note the observation of the Administrative Law Judge of US Securities Exchange Commission in the case of Carole. L. Haynes, that in order to establish the liability for collusion, one has to establish that:
- the existence of primary violation;
  - "knowledge" requirement. i.e., the parties colluding had general awareness that his role was part of overall activity that was improper and
  - that the parties colluding had substantially assisted the principal violation.
- u. It is a humble submission of the Noticee that nothing of the sort, as is required in terms of the settled principles for alleging the charge of collusion, has been established in the Notice. It is submitted that when viewed from the said legal position, there is nothing on record to show that:
- Any prior understanding/agreement with the entities mentioned in the Notice, who allegedly adopted such *modus operandi*, which was *prima facie* illegal.
  - Agreement to defy the law or to cause harm to anyone or to carry out any illegal object.
  - Most importantly, the Notice fails to bring out any evidence, which could possibly prove any connection between the Noticee and other persons/entities to the alleged manipulative scheme.
- v. Therefore, from the above it can be fairly concluded that nothing has been shown in the Notice to make good the allegation of synchronized trades against the Noticee. The Noticee submits that the Notice fails to produce the requisite evidence in support of the charge and the same demolishes the very basic premise of the Notice.
12. Submissions in respect of the alleged trades of the Noticee:
- a. It is reiterated that in the aforesaid letters seeking documents the Noticee had sought from your goodself documents/materials that were imperative for him to understand the allegations and make appropriate defence. It is to be noted that the complete trade log and order log of all the trades in options during the examination period is imperative for the purpose of giving an appropriate reply/ defence to the Notice.
- b. It has been alleged in the SCN that the Noticee entered into synchronized trades with the counterparty and the same is based on a single premise that the Noticee had predetermined arrangement with the counterparty. However, it must be reiterated here that the Notice has failed to bring out any connection between the Noticee and the other persons/entities mentioned in the Notice, including the counter party broker or the counter party client. Therefore, by no stretch of imagination, it can be presumed that, the Noticee had any relationship/nexus/ prior meeting of mind with any entities involved in the said trades in options.
- c. It is further submitted that in the instant case, the trades executed by the Noticee in NIFTY Options contracts have been impugned and it must be remembered that Nifty Index is determined by fifty highly liquid scrips which also vary from time to time and the index moves on the basis of their performances in the cash segment. Thus, these movements cannot be in tandem with the movement of price Nifty options in the F&O segment because Nifty as an index is not capable of being traded in the cash segment. What is traded in the cash segment are the fifty stocks which constitute Nifty.
- d. Further, it is pertinent to reiterate here that the complete trade log and order log of all the trades in options during the examination period is imperative for the purpose of giving an appropriate reply/ defence to the Notice and the same has not been provided to the Noticee.
- e. However, on basis of the incomplete and order log provided to the Noticee's, following observations can be deduced:
- i. The Noticee had traded only in 60 distinct options contracts during the Investigation period.
  - ii. On perusal of the logs, it can be observed that the Noticee has squared off his position mostly after 01 day. Thus, it is illogical to even consider such trades to be synchronized as the same is not possible there existed a relationship between the Noticee and counterparty and the SCN fails to manifest any such pre-existing relationship.
- f. In view of the aforesaid observations out of the incomplete trade and order log, it is submitted that the aforesaid allegations against the Noticee are baseless, unjustified and prejudiced and are liable to be vacated.
13. Submissions regarding the alleged trades of Noticee allegedly being illegal and/or part of an allegedly fraudulent scheme:
- a. It is submitted by the Noticee that the said trades were carried out in the normal course of business devoid of any fraudulent intentions and the Noticee is in no way part of the alleged scheme which is carved out by your goodself in the Notice. Without prejudice to the aforesaid, even if it is assumed for the sake of argument that the Noticee was involved with other persons/entities mentioned in the Notice in the alleged scheme of option trading, it is submitted that there is nothing fraudulent or illegal about the same.
- b. As per the Notice, the Noticee has indulged in an act that has created a misleading appearance of trading in the securities market. It is submitted that every action has an equal and opposite reaction. Assuming without admitting, the Noticee had created a misleading appearance of trading in the market, but the reaction that the market gave to such an act does not exist. SEBI has not provided any instances of any effect of the volume or price on the options and has also not provided complete order log and trade log in order to determine the same.
- c. Further, the Hon'ble Securities Appellate Tribunal in the matter of Ketan Parekh vs. SEBI (SAT Appeal No 2 of 2004) has while dealing with the issue of synchronized deals has *inter alia* held that :
- "Para 21
- A synchronized transaction even on the trading screen between genuine parties who intend to transfer beneficial interest in the trading stock and who undertake the transaction only for that purpose and not for rigging the market is not illegal and cannot violate the regulations. As already observed 'synchronisation' or a negotiated deal *ipso facto* is not illegal. A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of [the parties which could be inferred from the attending circumstances because direct evidence in

such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, 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. " (Emphasis supplied)

Hereto marked and annexed as "Annexure K" is a copy of the order in the matter of Ketan Parekh vs. SEBI (SAT Appeal No 2 of 2004).

- d. This allegation of fraudulent trading has no basis as your goodself has failed to provide any evidences to prove that there was a misleading appearance created in the market by the Noticee or had any other impact on the market.
  - e. The SCN further alleges that non-genuine trades by the Noticee were executed in such a manner that Noticee booked Positive square off in all the 05 contracts and the counterparty booked negative square off, in this regard it is submitted that the pricing of an option depends on various factors which are taken into consideration by the option writer. The pricing of option is determined by the parties to the contract considering host of factors like value of the underlying index, movement of the market, the no. of trades in other options, the volatility index prevailing etc. Since none of these details have been provided to the Noticee, it is impossible for the Noticee to explain as to why the Noticee had dealt in a particular option at a particular price at a particular time. The Noticee therefore states that the Ld. Adjudicating Officer needs to ignore the allegations based on pricing.
  - f. As for the effect of the alleged non-genuine trades on the cash segment, the Notice and SEBI has failed to provide any data stating otherwise.
  - g. Further, the Noticee submits that the as per clauses 1.2 and 1.3 of Risk Disclosure Document (RDD), which deals with Risk of low liquidity and Risk of wider, it can be construed that SEBI is well aware of the possible losses due to lower liquidity and wider spreads. The SCN also records that the contracts in which the Noticee dealt were illiquid. It is not disputed that liquidity in the contracts recorded in the SCN was low and spreads were bound to be wide so we were constrained to square off their trades at a price difference, which is also appreciated by SEBI.  
Hereto marked and annexed as "Annexure L" is a copy of Risk Disclosure Document (RDD) issued by SEBI.
14. Submission regarding the alleged transactions being genuine and no loss caused to the investors:
- a. The words "artificial" and "non-genuine" are not defined in PFUTP Regulations or any of the Acts / Regulations of SEBI. This leaves the Noticee to rely on dictionary meanings of these words to test whether their trades fall under the categories of artificial or non-genuine trades. The term "artificial" is defined as "produced by human art or effort, not originating naturally, made or done in imitation of the natural; affected or insincere". The term "non-genuine" is opposite of "genuine" which is defined as "really coming front its reputed source etc., not sham; properly so called; pure bred. "
  - b. The Noticee submits that their trades have all the characteristics of being genuine trades and cannot be categorised as non-genuine trades. These trades were executed on the anonymous platform of the Exchange, without any knowledge of counter party, at price ranges that were permitted by the Exchange and SEBI and the obligations arising out of it have been settled through the clearing mechanism of the Exchange.
  - c. The next issue for consideration is that whether the Noticee's trading which has been branded as fraudulent by SEBI, has caused any loss to any other market participants. The stand of SEBI is self-defeating on this issue because the whole premise of SEBI issuing a Notice was that the options in which trading was executed by Noticee were illiquid and no trading was taking place in these options. This makes it clear that there was no public involvement in these options and hence, no harm could have been caused to any other market participants.
  - d. It is noteworthy that trading not impacting the investors has been thought as fraudulent by SEBI. Such finding not only defeats the purpose of PFUTP Regulations but also the SEBI Act itself because the regulator has abandoned its primary responsibility of protecting the other market participants. The Noticee fails to understand how trades which do not affect the investors have been termed as fraudulent by the regulator. Further, the Notice characterizes the trades of the Noticee as deceptive. The Noticee is at loss to understand that when it is being said on the one hand that the options were illiquid then to whose deception these trades were being executed.
  - e. The Noticee wishes to submit that his trading was completely genuine and without any ulterior motive as stated in the Notice. In fact, it is not clear how the Notice classifies the trading to be fraudulent since, the Notice does not spell out the basic ingredients to prove that the trading executed by the Noticee was a fraud. It may be noted that on majority of occasions the Noticee had placed orders on the basis of counter orders available in the system. It is not the case of SEBI that the Noticee had entered orders in variation to the best available counter orders in the system. If it were entering orders on prices available in system, why is the fault being found in Noticee's trading. It is an ironical situation created by the regulator wherein if a person enters orders in great variance to price available in the system, he is charged with attempting to manipulate prices and a person who is entering the orders on the basis of best counter orders available in the system is charged with fictitious and manipulative trading. It may be noted that if the Noticee was involved in synchronized trading, then all the orders placed by it would have been executed. However, it is not the case and the failure on part of SEBI to provide a complete order log shows that SEBI is not willing to examine the trading done by the Noticee in a holistic manner.
  - f. With respect to the illiquid stock option trading the Hon'ble Supreme Court in the matter of SEBI vs. Rakhi Trading Private Ltd., in Civil appeals no., 1969 of 2011 with Civil Appeal Nos., 3174 - 3177 of 2011 and Civil Appeal No.3180 of 2011 decided on February 8, 2018 (Hereto marked and annexed as "Annexure M" is a copy judgement of SEBI vs. Rakhi Trading Private Ltd.) had certain ingredients to prove that a transaction was non-genuine and the same have been dealt with herein under:

SR. NO.	PARTICULARS	APPLICABILITY IN THE PRESENT CASE
1.	If the transaction was planned pre-	The Noticee had no knowledge of its counter party and these trades were done through screen based trading and hence were anonymous. Accordingly, the 48 isolated instances of the Noticee's trading in 21 option contracts out of 60 contracts could not be alleged to be pre-planned transactions.
2.	If the transactions synchronized were trades	The anonymous systems of the Exchange do not allow transacting parties to determine the details of the counter party and therefore the allegation of executing synchronized trades cannot hold good. The Noticee never knew that the trades were synchronized before receiving the Notice and scrutinising the Annexures thereto. The transactions under scanner in the present Noticee are 48 isolated incidences of trades in 21 option contracts and therefore the allegation of synchronization of trades cannot be levied against the Noticee.
3.	If the transaction non- genuine were	The trades were done in normal course which makes complete economic sense.
4.	If manipulation established, it is paramount that investors have is the induced to buy or sell been	As far as the Noticee is concerned, the charges are based on surmises and conjectures and on the wild allegations of having carried out collusive trading, the impact of which on securities market has not been shown in the Notice.

15. Submissions regarding violations of Regulation 03 (a), (b), (c) and (d) along with 04 (1) & of the PFUTP Regulations:
- a. The allegation levied against the Noticee is that it has violated the provisions of SEBI (Prohibition of Unfair and fraudulent trade practices) Regulations, 2003. The extract of the relevant provisions are reiterated herewith: "3. Prohibition of certain dealings in securities
- No person shall directly or indirectly —
- buy, sell or otherwise deal in securities in a fraudulent manner;
  - 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;
  - 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;
  - 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:
- Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
  - 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:—
    - indulging in an act which creates false or misleading appearance of trading in the securities market;"
- b. The Noticee further denies that it has violated the provisions of Regulation 03 and 04 of PFUTP Regulations. In this context it is submitted that:
- It has neither directly or indirectly bought nor sold or otherwise dealt in the securities in any fraudulent manner. The Noticee was trading in the options in the normal course devoid of any fraudulent intentions.
  - It has not either directly or indirectly used or employed, 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.
  - The Noticee has not either directly or indirectly employed 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.
  - It has not either directly or indirectly engaged 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.
  - The Noticee has not dealt in securities in a fraudulent manner or indulged in an unfair trade practice, involving fraud.
  - The Noticee has not indulged in any act which creates false or misleading appearance of trading in securities market.
- The Noticee further submits that though the allegation have been alleged in the SCN, no evidence has been placed on record to show that the action of the Noticee were in any way fraudulent.
  - Further with regards to the other contracts, the Noticee submits that since the complete copy of the Order Log and Trade Log is not provided from the details available on record, it cannot be determined whether the trading of the Noticee has in any way induced any entity to deal in the contract. It is further imperative to point out that no reference or allegation that the trading of the Noticee had induced any entity to deal in those contracts has also been made in the SCN. This shows that the allegations levied against the Noticee are bald, baseless and frivolous and on this very basis the present SCN should be quashed against the Noticee.
  - The Noticee has not made any misrepresentation of truth or concealed any material fact known to him which could have induced any person to act to his detriment.
  - The Noticee has not made any suggestion as to a fact which is not true or which it does not believe it to be true which would have induced any entity to trades in the Index options contract of NIFTY. The Noticee has neither

- concealed any facts after having knowledge or belief of the fact which would have induced any entity to trades in the NIFTY Index options.
- g. The Noticee has also not made any promises to any parties without any intention of performing it which would have induced any entity to trades in the NIFTY Index Option.
  - h. The Noticee has not made any representation in a reckless and careless manner whether true or false which would have induced any entity to trades in the NIFTY Index Option.
  - i. The Noticee has not carried out any such act or omission which any other law specifically declares to be fraudulent which would have induced any entity to trades in the NIFTY Index Option.
  - j. The behaviour of the Noticee was not deceptive in any manner which would have deprived another of informed consent or full participation and which could have induced such person to trade in the NIFTY Index Option.
  - k. The Noticee has not made any false statement without reasonable ground for believing it to be true which would have induced any entity to trades in the NIFTY Option.
  - l. In light of the aforesaid the Noticee cannot be alleged to have been indulged in the fraudulent trade practices.
16. Submissions regarding non-imposition of penalty on the Noticee:
- a. With respect to imposition of penalty under Section 15HA of the SEBI Act, in respect of the alleged violations Noticee humbly submit that while determining the quantum of penalty under the aforementioned provisions, the provisions of Section 15 J of the SEBI Act shall be required to be taken into account which reads as under:  
"15J- Factors to be taken into account by the adjudicating officer:  
While adjudging quantum of penalty under section 15-l, 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. "
  - b. With regard to Clause (a); - "the amount of disproportionate gain or unfair advantage, whether quantifiable, made as a result of the default": it is submitted that the findings does not lead to the conclusion that there has been disproportionate gain or unfair advantage of Noticee.
  - c. With regard to Clause (b); -"the amount of loss caused to an investor or group of investors as a result of the default": it is submitted that there are no investor complaints filed at any Stock Exchange or SEBI in respect of the trades executed by Noticee in the script and the same has also not been alleged in the SCN. In absence of any direct information, the allegation of causing loss to other investors is baseless.
  - d. With regard to Clause (c): - "the repetitive nature of the default." it is submitted that Noticee has never been held guilty for any violation of SEBI Laws, and it has been first time the present proceeding have been initiated against the Noticee. Further Noticee submits that it has clean records and it has always maintained transparency, integrity, honesty and accountability in all its operations and hence there is no question of repetitive nature of default.
  - e. Noticee submits that a bare perusal of the SEBI Act indicates that it is not mandatory for the Adjudicating Officer to impose a penalty every time he come to conclusion that any person / entity has failed to comply with the specified requirement under the Act and/or the Regulations. Even though Section 15HB of the SEBI Act contain the words "shall be liable to a penalty there is no strict or mandatory obligation on the part of the defaulter to suffer such penalty.
  - f. In this regard, Noticee would like to draw your goodselves attention on the Judgement passed by the Hon'ble Supreme Court of India in the matter Superintended and Remembrancer Legal Affairs to Government of West Bengal vs. Abani Maity (1979) 4 SCC 85he1d that:  
"... Accordingly, the word "liable" occurring in many statutes, has been held as not conveying the sense of an absolute obligation or penalty but merely importing a possibility of attracting such obligation, or penalty, even where this word is used along with the words "shall be"
  - g. Noticee humbly submits that decision of Hon'ble High Court of Bombay in the matter of SEBI vs. Cobot International Capital Corporation Limited (Cabot) {2004 51 SCL 307 (BOM)} to state that where the breach of the regulation is unintentional, not deliberate, technical, minor and based on a bonafide belief, strict enforcement of the regulations may not be warranted. The Hon'ble High Court has stated that the authority may refuse to impose penalty for justifiable reasons.
17. Further, the Noticee humbly submits that, SEBI has failed to make out a prima facie case against it and therefore the Notice qua it needs to be quashed and set aside in entirety.
18. The Noticee further submits that the Notice is not substantiated by any evidence or material on record. In so far as the Noticee is concerned, the charges are based on surmises and conjectures and on the wild allegation of having carried out collusive trading, the impact of which on securities market have not been shown in the Notice. It is submitted that on such a charge alone no action can be taken against the Noticee. To make any one liable for any commission or omission to visit adverse consequence, there should be adequate justification and in the absence thereof any punishment meted to it will be unsustainable.
19. Therefore, the Noticee submits that such allegations supported by no proof are in gross violation of the principles of natural justice and absolutely uncalled for. In Nandakishore Prasad vs. State of Bihar (1978) 3 SCC 366, the Hon'ble Supreme Court while considering the appeal against the removal of an employee from service based on the findings of a departmental enquiry viewed that  
"Before dealing with the contentions canvassed, we may remind ourselves of the principles in point crystallized by judicial decisions. The first of these principles is that disciplinary proceedings before a domestic tribunal are of a quasi-judicial character; therefore, the minimum requirement of the rules of natural justice is that tribunal should arrive at its conclusion on the basis of some evidence, i.e. evidential material which with some degree of definiteness points to the guilt of the delinquent in respect of the charges against him. Suspicion cannot be allowed to take the place of proof even in domestic inquiries."  
Hereto marked and annexed as "Annexure N" is a copy of the judgement in the matter of Nandakishore Prasad vs. State of Bihar (1978) 3 SCC 366.



20. The Hon'ble Supreme Court in *Union of India vs. H. C. Goel* (AIR 1964 SC 364) has *inter alia* held that: "the principle that in punishing the guilty scrupulous care must be taken to see that the innocent are not punished, applies as much to regular criminal trials as to disciplinary inquiries held under the statutory rules." Hereto marked and annexed as "Annexure O" is a copy of the judgement in the matter of *Union of India vs. H. C. Goel* (AIR 1964 SC 364).
21. The SAT in its order in case of *KSL & Industries Ltd vs. SEBI* (SAT Appeal no. 9/2003 decided on 30.09.2009) has held that:  
"I do not find any material on record in support of the said charge. A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence are not sustained. Fraud cannot survive on mere conjecture and surmises."  
Hereto marked and annexed as "Annexure P" is a copy of the judgement in the matter of *KSL & Industries Ltd vs. SEBI* (SAT Appeal no. 9/2003 decided on 30.09.2009).
22. Further your attention is drawn to the judgment of *RK. Global vs. SEBI* (Appeal no, 158/2008 Date of Order: September 16, 2010), wherein it was observed by Hon'ble Securities Appellate Tribunal that:  
"...Let us not forget that the Appellant has been charged for executing fraudulent trades which is, indeed, a serious charge and cannot be established on mere suspicion and should have firmer ground to stand upon. A higher degree of probability must exist before such a charge could be found to have been established."  
Hereto marked and annexed as "Annexure Q" is a copy of the order in the matter of *RX. Global vs. SEBI* (Appeal no. 158/2008 Date of Order: September 16, 2010).
23. It is, therefore, the Noticee's humble submission that the allegation levied in the Notice does not corroborate with the corresponding evidence provided in the instant matter.
24. Before concluding, the Noticee wishes to reiterate the submissions made above in a summary:
- i. That, the Noticee has not been provided with the complete documents/materials/data to substantiate the allegations levelled against him in the Notice. In view of the same, the Noticee the Ld. Adjudicating Officer not to conduct these quasi-judicial proceedings taking into consideration any material to which the Noticee is not privy.
  - ii. That the trade and order log submitted to the Noticee is incomplete and *inter alia* it does not mention the trades and corresponding order it-formation regarding trades other than that of the Noticee during the examination period.
  - iii. That, the Noticee has no relation/ connection with any person/ entity alleged in the Notice and the Notice has also failed to bring out any connection between the Noticee and such other persons/entities. Therefore, by no stretch of imagination, it can be presumed that, the Noticee had any relationship/nexus/prior meeting of mind with any entities or groups mentioned in the said Notice.
  - iv. That, it is submitted that entering into the said synchronization of trades in Options cannot be termed as fraudulent. Since the trading done by the Noticee in derivatives was not capable of influencing the underlying, SEBI cannot allege that the Noticee has entered into manipulative transactions. Further, it is the case of SEBI that these options were illiquid and hence it can be said that no investor was defrauded or affected by their trading.
  - v. That there was no loss caused to any investor or any other person/ entity as a result of the Noticee's said trading.
  - vi. That the allegations and charges against the Noticee are based on surmises and conjectures and on the wild allegation of having carried out collusive trading.
  - vii. That owing to the aforesaid submissions, the Noticee submits that it did not indulge in any fraudulent and unfair trade practice and the trades executed by it were genuine.
25. Further your attention is drawn to the order in the matter of *Ms. Neha Sethi* bearing Order No. Order/ PB/ 2021-22/14749 dated January 20, 2022 has been passed in the similar matter wherein the submissions put forth by the *Ms. Neha Sethi* have been considered positively in the above mentioned order. Relevant abstract in the said order are as under:
- i. On March 17, 2015 (the day when Noticee's alleged trades took place), the underlying scrip opened at a higher value and closed at a considerably lower value. In Noticee's case too, she had first traded (sold) at higher rate and subsequently, after about an hour, squared off at a lower rate (with a profit);
  - ii. Noticee's orders were only part of the counterparty orders/ market orders. In the given instance, part of the counterparty's orders got matched with the orders placed by the Noticee;
  - iii. Noticee's orders were not placed in exact sync with the counterparty orders. Therefore, leaving opportunity for other market participants to participate against the pending orders;
  - iv. On both the occasions, Noticee's orders were placed first and after some time gap the counterparty orders were placed;
  - v. It was possible in existing exchange trading platform at that point in time that the counterparty to trades could be the same entity without the knowledge of the concerned entities;
  - vi. The SCN does not infer any relation or connection between the buyer and seller, nor has any other evidence, direct or otherwise, been brought on record to suggest collusion between them;
  - vii. The Noticee's trades generated artificial volume of 36,000 units, (buy side + sell side) which made up 9.00% of total market volume in the said contract on that day as well as overall trading volume in the contract.
- In view of the findings noted in the preceding paragraphs, and the factors mentioned in the provisions of Section 15-I of the SEBI Act, 1992 read with Rule 5 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby dispose of the Adjudication Proceedings initiated against the Noticee, *Neha Sethi* [PAN: ADGPJ0141E], vide the SCN bearing ref. no. SEB1/OIA/PB/16636/2021 dated July 28, 2021, in the matter of dealings in Illiquid Stock Options at BSE. In terms of the provisions of Rule 6 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India, Mumbai.  
Hereto attached and annexed as "Annexure R" is the copy of the order dated January 20, 2022.

26. Thus, in view of the facts stated, arguments advanced and authorities cited, it is humbly submitted that the current proceedings are illegal and is contrary to principles of natural justice. The Noticee submits that the allegation levied in the Notice does not corroborate with the corresponding evidence provided in the instant matter and needs to be quashed.
27. In the instant case, since no primary violation of SEBI Act or PFUTP Regulations against the Noticee has been made out and as it has also explained the genuineness of the case, the question of holding an inquiry against it in terms of Rule 04 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and imposing penalty for the alleged violation does not arise. Therefore, it is duly submitted that the Noticee has not committed any wrong and no charge has been established against it even prima facie, to warrant any action.
28. It is submitted that Noticee reserves his right to modify and add additional grounds in these submissions. It is respectfully submitted that the allegations in the Notice do not flow out of the factual position and therefore cannot be legally sustained to warrant any penalty against Noticee

### Submissions of Noticees 25 and 36:

1. I am writing in response to the SEBI notice dated February 04, 2022 that I received. This is in reference to the adjudication proceeding initiated by SEBI. The reference number for this notice is [ EAD5/MC/HP/4766/2022].
2. I acknowledge the receipt of the notice and understand the seriousness of the matter at hand. I am fully committed to cooperating with SEBI in this inquiry and providing all necessary information and documents to facilitate a thorough examination of the issue.
3. We had received the hearing notice in January & February 2023; these opportunities were missed out by us due to family disputes going on that time and negligence by other members in the family. So we apologize for the same as we were not in the position to attend your hearing on the above mentioned dates.
4. To address the allegations and inquiries raised in the SEBI notice, we would like to bring to your attention that similar issues had been raised by BSE to Brokers, which we too had received and on request the penalty charges have been reduced greatly, so request you to please consider this while judging our matter and close this legal allegation at the earliest.
5. We have faced huge losses in 2020-21 and there has been a division in our family business during the same period due to various disputes between family members, nevertheless we shall be responsible for our actions and are ready to face the consequences. So kindly accept our humble request and give us leniency in judging our case.

### Submissions of Noticee 27:

1. In the SCN, it is alleged that we had matched trades with Nirshilp Securities Pvt. Ltd. (Nirshilp / NSPL) in 10 index options contracts of NIFTY. On analysis of the Investigation Report, SCN and Trade Logs data it is revealed that total 44 trades (alleged trades) matched with NSPL that had been alleged wherein a total volume of 1,09,750 shares had been generated. It is further alleged all these trades except one were in nature of synchronized trades. It is also alleged that all these trades were squared off by the Noticee and NSPL with each other and the Noticee had made a total profit of Rs. 17,29,402/- by execution of these trades. Thus, it is alleged that the Noticee has prima facie violated the provisions of SEBI Act and SEBI PFUTP Regulations.
2. In this connection it is to be noted that the Noticee had executed as many as 38,151 trades in 51 index options contracts of NIFTY. Further out of 38,151, trades allegation has been made against 44 trades only. Thus, the remaining trades of the Noticee are undisputed.
3. Admittedly, the Noticee is not found connected with any other entity including NSPL (PI refer para 5 Group 3 a, Pg. No. 9). Thus, no adverse finding for allegation of connection has been recorded against the Noticee.
4. On analysis of the trade logs data, it is revealed that 29,373 trades were executed by the Noticee wherein the time difference in between the buy order and sell order placed by the Noticee and counterparties are 0 seconds to 1 minutes. Out of the aforesaid total 29,373 trades, the Investigation Department of SEBI has admittedly not found any illegality in 29,329 trades. Since, the Noticee is not found connected with any of the entities / Noticee's including NSPL, the allegation of execution of 44 trades as synchronized trades falls apart.
5. It is further submitted that as many as 56 trades executed by the Noticee matched with NSPL. Further, out of total 56 trades matched with NSPL; allegation has been made against as many as 44 trades only. In this connection, the Noticee submits that the matching of trades with NSPL was mere coincidence and there was no meeting of mind behind execution of the said matched alleged trades. as there were time difference of upto 3 hours in between the orders placed by the Noticee and NSPL and further the trades of the Noticee had been matched with thousands of entities.
6. It is further submitted that in the entire SCN, no allegation of reversal trade with NSPL has been made against the Noticee.
7. It is further submitted that all the trades in index options contracts of NIFTY were executed on anonymous screen-based trading platform provided by NSE wherein identity of the counter parties remain undisclosed. Hence, the question of any non-genuine trade does not arise at all unless it is proved that such Trades were executed in connivance with any counter parties. However, the counter party i.e. NSPL was completely unknown to the Noticee and/or its Partners.
8. The Noticee further wishes to submit that NSE has a sophisticated surveillance system and if there had been any manipulative trade, the system could have alarmed NSE to take corrective measures to restrain any non-genuine trades happening in its trading platform. However, the Noticee has not received any warning or caution letter from NSE for any of the trades executed by the Noticee in its option segment during the period of investigation. Thus, the allegation of execution of non-genuine trades by the Noticee in index options contracts of NIFTY which

purportedly resulted into creation of artificial volume is totally farfetched and is based on presumptions, assumptions, surmises and conjectures.

9. It is submitted that the trades executed by the Noticee in the index options contracts of NIFTY were in the normal course of business devoid of any fraudulent intentions. The allegation of trades being non-genuine has no basis as SEBI has failed to provide any evidence to prove that there was a misleading appearance created in the market by the trades executed by the Noticee.
10. The Noticee further submits that it is not alleged in the SCN that the Noticee had generated substantial volume in 10 index options contracts of NIFTY. The alleged volume generated by execution of 44 alleged trades in index options contracts of NIFTY was too miniscule in comparison to the total volume generated by the Noticee by execution of 38,151 trades.
11. It is also submitted that, as none of the acts or trades executed by the Noticee falls under the definition of fraud as provided in regulation 2(1) (c) of PFUTP Regulation, the genuineness of the trades executed by the Noticee cannot be questioned and therefore, the Noticee cannot be alleged to have violated any provisions of SEBI Act and SEBI PFUTP Regulations.
12. The Noticee draws your attention to the following Orders passed by the Hon'ble Tribunal in the following matters:
  - a. In the matter of KSL & Industries Ltd. vs. SEBI (Appeal No. 9 of 2003, Date of decision 30th September, 2003) it was inter alia held that:

"I do not find any material on record in support of the said charge. A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence is not to be sustained. I fully agree with Shri Khambatta's submission in this regard that allegation of 'fraud' can not survive on mere conjectures and surmises."
  - b. In the matter of Vintel Securities Pvt. Ltd. vs. SEBI (Appeal No. 219 of 2009, Date of decision 23rd November, 2009) it was inter alia held that:

"A serious charge of fraudulent and unfair trade practice has been established against the appellant without even dealing with the trades executed by it. The adjudicating officer has given no reasons whatsoever in support of his conclusion. He has found the appellant guilty in paragraph 14 of the impugned order which is as general as it could be without referring to the details of the trades executed by the appellant and without showing as to how it was acting in tandem with others. This is not the way in which such charges are established. It is not enough to say that the appellant is guilty of the charge. The impugned order must show how the charge stands established. The least that was required was that the adjudicating officer should have dealt with the trades executed by the appellant and demonstrated as to how the scrip in question was manipulated and the role which the appellant played in that manipulation. It is not in dispute that it was not only the appellant but several other entities were also involved in the manipulation. In the absence of any specific finding in regard to the manner in which the appellant traded in the scrip in question we cannot uphold the impugned order. Consequently, the same is set aside..."
  - c. In the matter of Dhvani Darshan Kothari & Anr. (Appeal No. 276 of 2020, Order dated 21-01-2021), the Hon'ble Tribunal held that

"14. In so far as the appeal of Dhvani Darshan Kothari & Anr. Is concerned, who are in the second group, the said appellants have been penalized on the charge that they are connected on the basis of a common mobile number. This charge is apparently common and, therefore, we are of the opinion that the appellants cannot be found connected on the basis of a common mobile number which is insufficient.

15. The appellants have been charged and found guilty on the basis of purchasing the scrip off-market from Bahar Paper Pvt. Ltd. and was found to have sold the same shares online to the same counter party and, therefore, came to the conclusion that these trades are fraudulent. We find that the appellant Dhvani Kothari purchased 10,000 shares off-market on June 30, 2009 and had sold the same on July 7, 2009. Her husband the second appellant purchased 50,000 shares on June 16, 2009 and sold 40,000 shares online.

16. This Tribunal while allowing the appeals of the said appellants by its earlier order dated June 22, 2016 found as under: -  
"8. In the Table set out in para 16 of the impugned order, it is recorded that the appellant-Dhvani Kothari is related to her husband Darshan Kothari. Apart from the above, nowhere in the impugned order it is stated that the appellant was connected with Bahar Paper Pvt. Ltd. or any of the entities set out in the impugned order. Fact that the appellant purchased shares of RIL from Bahar Paper Pvt. Ltd. in off market and sold the said shares on market, wherein, Bahar Paper Pvt. Ltd. happens to be the counter party, no doubt raises strong suspicion that the said trade may not be a genuine trade. However, without recording any reasons as to how the said trade could be said to be fraudulent and manipulative trade or the basis on which the appellant could be said to be connected to Bahar Paper Pvt. Ltd., merely on the basis of certain general observations the AO could not have arrived at a conclusion that the trades executed by the appellant were fraudulent and manipulative trades.

9. Apart from the above, from the impugned order it is not possible to ascertain as to whether the AO has held that the trades executed by the appellant were circular trades or synchronized trades or structured trades. Assuming that the trades executed by the appellant were synchronized trades or circular trades, the AO is not justified in treating the appellant who has executed a single trade on market to be on par with other persons who have been executed several circular trades, synchronized trades, structured trades and self trades on market and impose uniform penalty of Rs. 5 lac on all such persons including the appellant.

10. It is relevant to note that indulging in a fraudulent and unfair trade practice relating to securities is a serious offence and therefore, under Section 15HA of SEBI Act, maximum penalty of 25 crore is imposable on any person indulging in such practices. In such a case, the AO without considering the merits of individual case of the appellant could not and ought not to have held that the trade executed by the appellant was a fraudulent trade."
  17. This Tribunal held that purchasing off-market from Bahar Paper Pvt. Ltd. and selling online to the same counter party may raise strong suspicion that the transfer may not be genuine. The Tribunal found that no reasons were recorded as to how the said trades are manipulative and fraudulent and that one transfer

cannot make it synchronized, circular or reversal and execution of one trade cannot be treated at par with the trades executed by the other entities which were large in number.

18. In this regard, we find that the appellant Dhvani and Darshan executed one trade and since it was sold to the same counter party, the AO held that it was fraudulent. There is no finding as to how the trades executed by these appellants were synchronized or circular or reversal. There is no consideration or reasoning given as to how the execution of one trade could make it synchronized, circular or reversal and how they are treated at par with the other entities. We find that the AO has not considered the directions given by this Tribunal in its earlier order. We are further of the opinion that this set of appellants is also entitled for the same relief as other appellants on the basis of contradictory findings.
19. For the reasons stated aforesaid, the impugned order passed by the AO cannot be sustained in so far as the appellants are concerned and is quashed. The appeals are allowed with no order as to costs.  
The ratio laid down in these cases squarely applies to the case of the Noticee herein. In light of these Orders, we request your goodself to drop the proceeding against the Noticee.
13. The Noticee further denies that the Noticee has violated the provisions of SEBI Act and SEBI PFUTP Regulations. In this context it is submitted as follows:
  - a. The Noticee had neither directly or indirectly bought or sold or otherwise dealt in securities in any fraudulent manner. As mentioned above the trades of the Noticee were completely genuine and were without any malafide intention of creating any false or misleading appearance of trading in the market.
  - b. The Noticee had not used or employed any manipulative or deceptive device or contrivance in contravention of the provisions of the SEBI Act or the rules or the regulations made there under, the same has also not been specifically brought out in the captioned SCN.
  - c. The Noticee had not employed any device, scheme or artifice to defraud anyone in the market and the same has also not been alleged in the captioned SCN.
  - d. The Noticee had not engaged in any act, practice, course of business which operated or would have operated as a fraud or deceit upon any person with any dealing in the market in contravention of the provision of the SEBI Act or the rules and the regulations made there under, it has also not been alleged in the captioned SCN that the trades executed by the Noticee has operated or would have operated as a fraud or deceit upon any person.
  - e. The Noticee had not dealt in securities in a fraudulent manner or as indulged in unfair trade practice in the securities market. It is again reiterated that the trades executed by the Noticee were in its normal course of business and were completely genuine.
  - f. As submitted above the trades of the Noticee were completely genuine and has not created any false or misleading appearance of trading in the securities market as alleged in the captioned SCN.
14. Thus, in view of the facts stated, arguments advanced and authorities cited, it is humbly prayed that the present proceedings be quashed since no primary violation of any provision of SEBI Act and SEBI PFUTP Regulations is made out against the Noticee and the genuineness of the trades has also been explained hereinabove. Therefore, the question of holding an inquiry against the Noticee in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and imposing penalty for the alleged violation does not arise.

### Additional submissions of Noticee 27:

1. In the Noticee's reply dated 04-09-2023, it is inadvertently stated that the Noticee had executed 38,151 trades in 51 index options contracts of NIFTY. It is rectified that the Noticee had executed 38,151 trades in index options contracts of Nifty (OPTIDX) and Future Nifty Index (FUTIDX) (as per detailed provided in trade logs data). The Advocate of the Noticee has brought the same into your notice at the time of personal hearing. The Noticee raises strong concern over the figures provided in the para ii on Pg. No. 62 of the SCN as no specific details has been provided of 51 Nifty Options Contracts wherein Noticee had executed trades. In the Annexure 3 to the SCN, the complete details of the 691 trades have not been provided. In the trade logs data provided by your goodself, the Noticee finds details of 30 Nifty Options Contracts only and not 51 Nifty Options Contracts as stated in para ii on Pg. No. 62 of the SCN. The Noticee requests your goodself to please look into the matter and provide correct details to the Noticee.
2. It is further submitted that by execution of 38,151 trades, a total volume of 65,91,825 units had been generated. In the SCN, allegation has been made against 44 trades only which generated a volume of 1,09,750 units. Thus, the contribution of the Noticee's alleged trades and volume in compare to the Noticee's total volume and trades is not significant and therefore cannot affect the market equilibrium.
3. It is to be noted that the Noticee's buy / sell orders had matched with sell / buy orders placed by several entities. For example, on the analysis of the Trade Logs data, it is revealed that the Noticee's substantial buy/sell orders matched with sell / buy orders of SMC Global Securities Ltd. Thus, the Noticee submits that matching of Noticee's buy / sell orders with Noticee No. 30's sell / buy orders was just a coincidence and there was no meeting of mind or collective will behind matching of the orders with Noticee No. 30.
4. The Noticee further submits that findings recorded in the investigation report are based on picked and choose data and all trades of the Noticee had not been considered. It is merely stated that other trades of the Noticee, no adverse pattern is found. However, the Investigating Officer in the Investigation Report actually failed to analysis all the trades of the Noticee and further failed to appreciate that the Noticee had substantial trading volume in index options contracts of Nifty and Future Nifty Index.
5. The Noticee further submits that the quantum of the alleged synchronized trades in the case of the Noticee are too miniscule to influence the market equilibrium or affect the volume of trades. The quantum of trades was insignificant to come to any conclusion of synchronized trades. The Noticee further submits that synchronized trades per se are not illegal. It is only when synchronized trades were executed with a view to manipulate price the scrip that the provision of the PFUTP Regulations get attracted. In the instant case, there is no allegation of price manipulation against the Noticee herein. Thus, in the absence of any manipulation of price and on account of miniscule contribution to volume, it does not lead to any conclusion of synchronized trades. It is further submitted that the

provision of SEBI Act and SEBI PFUTP Regulations will not get attracted in the facts and circumstance of the present case. In this connection, the Noticee places reliance on the Hon'ble SAT's Orders dated 19-01-2021 in the matter of Vasudev R Kamat v/s SEBI (Appeal No. 287/2020) and Order dated 10-10-2013 in the matter of Kapil Chatrabhuj Bhuptani v/s SEBI (Appeal No. 95/2013).

6. Without prejudice to the aforesaid, the Noticee places reliance on the recent Order dated 31-08-2023 passed by the Hon'ble Tribunal in the matter of Kajalben Kiranbhai Trivedi v/s SEBI (Appeal No. 702/2023) wherein the amount of penalty has been reduced from Rs. 5,00,000/- to Rs. 1,00,000/-. It is needless to mention that the alleged trades executed by Kajalben Kiranbhai Trivedi were executed post amendment in the Section 15HA of the SEBI Act. (Trades executed after 08-09-2014). Thus, in case your goodself found the Noticee guilty of violation of SEBI Act and SEBI PFUTP Regulations, your goodself has discretion to impose lesser penalty than Rs. 5,00,000/-.
7. In light of the aforesaid submissions, the Noticee prays to your goodself to disposed off the SCN without passing any adverse Order qua the Noticee herein.

## Submissions of Noticee 28:

With reference to the above, We have done trade in the market, kindly stop proceedings against us.

## Submissions of Noticee 29:

1. At the outset the Noticee denies having violated the PFUTP Regulations alleged or otherwise. Nothing contained in the SCN shall be deemed to be admitted on account of non-traverse or otherwise, unless expressly admitted in this reply.
2. A common SCN has been issued to the 36 entities wherein the Noticee has preferred to respond to the clause of the SCN that relate to the Noticee.
3. It may kindly be noted that all submissions in this reply are without prejudice to one another.
4. The Noticee is a law abiding entity and have always complied with all the applicable laws in letter and spirit.
5. The SCN has categorised some of the entities in 3 groups, which are connected to one another in some manner or another. The Noticee is not alleged to be a part of any of these groups and the Noticee's trading is independent of anyone else in the SCN.
6. The Noticee had traded in the Nifty options and because of these trades executed, the captioned SCN has been issued to the Noticee.
7. It has been alleged that the Noticee has executed trades in 2 contracts of which 1 has matched with Noticee No. 30 wherein the said entity received a positive price difference of Rs. 4.56 Lakhs. Details of trades is given hereunder:

Expiry Date	Strike Price	Trade Date	Buy_Cln Name	Sell_Cln Name	Trd Price	Traded Qty
24/04/2014	7650	07/03/2014	AMRUTBHAI NATHABHAI DARJI	NIRSHILP SECURITIES PVT.LTD	1012.35	3450
		11/03/2014	NIRSHILP SECURITIES PVT.LTD	AMRUTBHAI NATHABHAI DARJI	1144.4	3450

8. It is alleged that these trades were synchronised and were squared off with each other.
9. The SCN categorically records that no such pattern was observed in other trades of the Noticee.
10. It is therefore alleged that by square off was under a pre-determined arrangement in illiquid options the Noticee booked profits.
11. It is denied that there is any pre-determined arrangement as alleged at all.
12. The SCN categorically records that only 1 transaction was the nature of alleged —re-determined arrangement. If the noticee wanted to get into pre-determined arrangement, then it would not be done only for 1 transaction.
13. The Noticee was also subjected to various charges and taxes on the transactions inter alia including Exchange Turnover Charges, Service Tax, STT, SEBI Turnover Fee, Stamp Duty etc.
14. All these transactions have been perfectly recorded in the regular books of accounts, records and Income Tax Returns.
15. It is extremely absurd on the part of SEBI to suddenly label these transactions as artificial and non-genuine after a period of 8 years from the date of the transactions on completely untenable grounds and unjustified reasons. Therefore, the SCN is liable to be set aside on this reason alone, leave apart other valid reasons and explanation herein below.
16. The Noticee took a buy position in the contract on March 7, 2014 and the same was squared off on March 11, 2014. It means that the transaction was not in the nature of synchronised and reversal trade. Your kind attention is drawn to the order of the Hon'ble WTM of SEBI bearing no. WTM/MPB/IVD-ID8/161/2018 dated April 5, 2018 wherein the trades carried out and reverse on the same day were treated to be manipulative for similar allegations for trades in BSE stock options. The current case before your good self is completely different as in the current case the Noticee bought the contracts on March 7, 2014 and sold the same on March 11, 2014.
17. During this period the Noticee had paid full margin on the position and if the intention was to merely generate a profit in a pre-determined fashion then there was no need for the noticee to carry forward the position for 4 days and pay margins thereon.
18. The fact that the square-off was done after a reasonable amount of time is adequate to substantiate that it was not pre-determined as alleged or at all and that the profits have come in normal course.

19. From the SCN it is understood that both legs of trades matched with one M/S Nirshilp Securities Pvt. Ltd. and the Noticee is no way connected to that entity or any of the directors thereof.
20. The SCN alleges that the Noticee has generated artificial volume by executing non-genuine trades and creating false and misleading appearance of trading, which was manipulative and deceptive. It is submitted that the alleged trades are wrongly categorised as non-genuine, for the reasons recorded hereunder:
  - a. The word "non-genuine" is not defined in PFUTP Regulations or any of the Acts / Regulations of SEBI. This leaves us to rely on dictionary meaning of the word to test whether the alleged trades fall under the categories of artificial volume through non-genuine trades.
  - b. The term "non-genuine" is opposite of "genuine" which is defined as "really coming from its reputed source etc; not sham; properly so called; pure bred."
  - c. The alleged trades have all traits of being genuine and therefore cannot be categorised as non-genuine. These trades were executed on the anonymous platform of the Exchange, without any knowledge of counter party, at price ranges that were permitted by the Exchange and SEBI and the obligations arising out of it have been settled through the clearing mechanism of the Exchange.
  - d. Since the trades do not fall under the definition of non-genuine transactions, they cannot be categorised to be creating artificial volume and effectively cannot be said to be creating false and misleading appearance of trading or cannot be categorised as manipulative or deceptive trades.
  - e. If the intention was to carry out artificial volume and create a false and misleading appearance of trading or execute manipulative and deceptive trades, the frequency of such trades would have been much higher. No one can achieve the alleged manipulative goals with such infrequent non-genuine trades.
21. The SCN fails to highlight any possible reason for executing the alleged non-genuine trades and what has been achieved by executing such trades. Without even having indicated any purpose for carrying out non-genuine trades, there is no reason to categorise them as non-genuine, artificial, manipulative, deceptive or creating false and misleading appearance of trading as wrongly alleged in the SCN.
22. The SCN completely ignores several critical facts and has wrongly categorise the trades as artificial and non-genuine:
  - a. The SCN is issued based on imaginary and presumptive grounds. It categorises trades of the Noticee as non-genuine in spite of the fact that all these transactions were carried out on the platform provided by the NSE that has been settled through the clearing corporation by way of movement of funds. If at all there was a fault in the platform provided by the stock exchange. SEBI should have taken action against the stock exchange and as SEBI has not taken any action against stock exchange till date, it is clear that trades executed on the stock exchanged should also not be termed as non-genuine or fraudulent. SEBI cannot take action on the investors without taking any action on the Exchange, which allowed such non-genuine transactions to take place on its platform.
  - b. The SCN fails to take into consideration that the anonymous systems of the Stock Exchange does not allow a transacting party to know the details of the counter party and therefore the allegation of executing reversal trades cannot hold good. It is humble submitted that both legs of the transactions of the Noticee matched with the same party came to be known only through SEBI and till that time the Noticee was oblivious of this fact. This goes on to substantiate that the trades were merely a co-incidence and nothing beyond.
  - c. Though the SCN claims that the trades were reversed at significant price difference, it has only compared the value of premium of the contracts. However, in case of options contract the notional value i.e. the value of Strike Price plus the premium is to be considered. In the current case price difference is merely Rs. 132 on a contract of notional value of Rs. 8794.4 which is merely 1.5% and this difference is extremely negligible. The Noticee submits that when price difference is compared with the notional value its change is extremely insignificant and absolutely normal and similar changes are observed in multiple contracts on the Exchanges including the ones having higher volumes than the alleged contracts of the Noticee. Therefore, the Noticee submits that the allegation that there was a significant price difference is incorrect and untenable.
  - d. Further SEBI has issued Risk Disclosure Document that records risks of trading on the stock options segment of the Exchange. Clauses 1.2 and 1.3 deal with Risk of low liquidity and Risk of wider spreads, which quote as under:

"1.2 Risk of Lower Liquidity:

Liquidity refers to the ability of market participants to buy and/or sell securities / derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities / derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities / derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / derivatives contracts as compared to active securities / derivatives contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

1.2.1 Buying or selling securities / derivatives contracts as part of a day trading strategy may also result into losses, because in such a situation, securities / derivatives contracts may have to be sold / purchased at low / high prices, compared to the expected price levels, so as not to have any open position or obligation to deliver or receive a security / derivatives contract.

1.3 Risk of Wider Spreads:

Spread refers to the difference in best buy price and best sell price. It represents the differential between price buying a security / derivatives contract and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid securities / derivatives contracts. This in turn will hamper better price formation.

From the above clauses recorded in the RDD issued by SEBI it can be construed that SEBI was aware of the possible (significant as per SCN but not actually significant) price difference and losses / profits due to lower liquidity and wider spreads. The SCN itself records that the contracts in which the Noticee dealt were illiquid and therefore the spreads were bound to be wide resulting in so called significant price difference in view of

SEBI, which is also appreciated by the RDD issued by SEBI. However, this knowledge has been ignored while issuing the SCN and the SCN wrongly goes on to allege that these trades are non-genuine. Such a conclusion is absolutely untenable in light of the fact that SEBI itself recognises that significant price difference may occur in contracts with lower liquidity and wider spreads.

- e. The SCN fails to appreciate that though SEBI and Exchanges have put in place a mechanism of price band in Capital Market Segment to control extreme volatility, which may result in trades taking place at unrealistic prices. No such price band mechanism was in place for options segment. This in itself means that all prices at which cur trades were executed were genuine.
- f. The SCN fails to appreciate that pricing of options is a complex arithmetical calculation based on several variables most of which are subjective and presumptive thus making a huge range of price to be completely valid and genuine. Price an option is derived based on complex formulas dealing with price the underlying, time to expiry, expected volatility, rate of interest etc., all of which are dynamic thus resulting in exponential increase in the tower and upper valid prices of options as a result of which SEBI and Exchanges in their wisdom did not stipulate any price band for options. After having failed to put in place such a mechanism due to complexity of such a product in spite of having infinite wherewithal with SEBI and Exchanges, it cannot be expected of common investors and traders to know the correct range of option prices.
- g. During the period of trading there was high volatility in Nifty Contracts and the fluctuation therein can be seen hereinbelow:

Symbol	Date	Expiry	Open	High	Low	Close
NIFTY	07-Mar-2014	24-Apr-2014	6,488.70	6,599.45	6,415.20	6,585.45
NIFTY	07-Mar-2014	24-Apr-2014	6,561.20	6,636.00	6,556.70	6,606.95
NIFTY	07-Mar-2014	24-Apr-2014	6,605.90	6,625.40	6,565.00	6,586.35

- h. From the above table it can be seen that the Low on March 7, 2014 was 6475 and the high was 6625 which means that there was a movement of 150 points and therefore price difference of Rs. 132 is no way absurd.
- i. The SCN records that the Noticee has carried out one non-genuine transaction of buy and sell. It is submitted that to allege violation of PFUTP regulations. However, the SAT has held it contrary to the view of the SCN. Attention is humbly drawn to the order of the Hon'ble SAT in the matter of Appeal No. 276 of 2020 (Dhvani Darshan Kothari v/s SEBI) where SAT quotes a14. In so far as the appeal of Dhvani Darshan Kothari & Anr. is concerned, who are in the second group, the said appellants have been penalized on the charge that they are connected on the basis of a common mobile number. This charge is apparently common and, therefore, we are of the opinion that the appellants cannot be found connected on the basis of a common mobile number which is insufficient.

15. The appellants have been charged and found guilty on the basis of purchasing the scrip off-market from Bahar Paper Pvt. Ltd. and was found to have sold the same shares online to the same counter party and, therefore, came to the conclusion that these trades are fraudulent. We find that the appellant Dhvani Kothari purchased 10, 000 shares off-market on June 30, 2009 and had sold the same on July 7, 2009. Her husband the second appellant purchased 50,000 shares on June 16, 2009 and sold 40, 000 shares online.

17. This Tribunal held that purchasing off-market from Bahar Paper Pvt. Ltd. and selling online to the same counter party may raise strong suspicion that the transfer may not be genuine. The Tribunal found that no reasons were recorded as to how the said trades are manipulative and fraudulent and that one transfer cannot make it synchronized, circular or reversal and execution of one trade cannot be treated at par with the trades executed by the other entities which were large in number.

- j. in the current case also the Noticee is alleged to have executed only trade and therefore a similar treatment as in case of Dhvani needs to be given and like she was exonerated of her charges, the Noticee also deserves the same treatment.
- k. The SCN does not provide an iota of evidence as to how the Noticee was related or connected to the counter parties. Therefore, it is submitted that without the theory of collusion or meeting of minds between the two parties being established, the allegations in the SCN do not hold good. Further there is no reason for unknown people to deliberately allow profits or losses to one another without being related and the SCN failed to highlight any relationship between buyers and sellers.
- l. It is also not a case in the SCN that other investors have got carried away or have been misled due to the trades carried out by the Noticee. Further it is not even alleged that third parties suffered any loss due to the transactions carried out by the Noticee. So no other party has been affected by these trades as they got reversed with same party (which the Noticee understand only through SEBI) and no impact what so ever has been caused to anyone because of these trades.
- m. Above all there is no charge of price manipulation in the SCN and without manipulating price a security or contract no person can gain anything from artificial trades.

23. Reliance is placed on various decisions of the Hon'ble Securities Appellate Tribunal:

- a. In Jagruti Securities vs SEBI. [2008 SCC Online SAT 184: 2008 SAT 184], it was inter held as under:  
"... we are of the view that in an artificial trade there has to be collusion between the buyer and the seller and in the absence of any collusion, the trade cannot be termed as 'artificial'."
- b. In S.P.J. Stock Brokers Pvt Ltd. vs Securities and Exchange Board of India [2013 SCC Online SAT 67: [2013] SAT 17] it was inter alia held as under:  
"13. Unless some connection between appellant and counterparties with whom appellant traded is established, it is difficult to hold that trades in question were carried out with a view to manipulate market by creating false volumes resulting in upsetting market equilibrium."
- c. In HB Stockholdings Limited vs SEBI [2013 SCC On Line SAT 56: [2013] SAT 44] it was inter alia held as under:

"17. ... It may be noted that synchronization of trades is not per se illegal. It is actionable only if it is illegitimate and is the outcome of a mischievous meeting of minds among certain parties. For this purpose, the counter party, namely, Gloria Investment Limited has already been exonerated by the Respondent. Moreover, no cogent and convincing reasons are forthcoming from a reading of the SCN or the impugned order to sustain such a charge of synchronization or creation of artificial volumes against the Appellants. In this connection, we may also pertinently note that the mere factum of one or two Appellants sharing common address or one of the Appellants being the promoter of the other group at some point in time are not in themselves sufficient to bring home the residual charge against the Appellants. There has to be sufficient evidence on record to clearly prove connivance on the part of the Appellants with a counter party to prove the charge in question against the Appellants. In the absence of any such evidence and unambiguous findings by the learned WTM to this effect, we have no option but to quash the impugned order in question"

d. In the matter of R.K. Global vs. SEBI (Appeal No. 158 of 2008, Date of decision 16<sup>th</sup> September, 2010) it was inter alia held that:

"...Let us not forget that the Appellant has been charged for executing fraudulent trades which is, indeed, a serious charge and cannot be established on mere suspicion and should have firmer ground to stand upon. A higher degree of probability must exist before such a charge could be found to have been established..."

24. The SCN does not allege that the Noticee colluded with the counter parties and in absence of any such allegation or material, the allegation of carrying out fraudulent or artificial trades does not hold good.

25. The SCN alleges that by executing the trades mentioned in the SCN, the Noticee has violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFJTP Regulations, the same is denied for the reasons stated hereinunder: Regulation 2(1)(c) quotes as under:

"fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in Order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include —

1. a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;
2. a suggestion as to a fact which is not true by one who does not believe it to be true;
3. an active concealment of a fact by a person having knowledge or belief of the fact;
4. a promise made without any intention of performing it;
5. a representation made in a reckless and careless manner whether it be true or false
6. any such act or omission as any other law specifically declares to be fraudulent,
7. deceptive behaviour by a person depriving another of informed consent or full participation,
8. a false statement made without reasonable ground for believing it to be true.
9. the act of an issuer of securities giving out misinformation that affects the market price the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

There is nothing on record to substantiate that the Noticee knowingly misrepresented the truth or concealed material fact, suggested a fact that the Noticee believed is untrue, concealed any fact required to be disclosed. Further the Noticee never made any promise or representation, and has not omitted any obligation under other law. Even further the Noticee's behaviour was no way deceptive, nor has the Noticee made any false statement. Lastly the Noticee has not issued any securities and the question of giving misinformation in relation thereto does not arise.

As none of the Noticee's acts fall under the definition of 'fraud' as provided under Regulation the Noticee cannot be charged of having violated PFJTP Regulations.

Analysis of the applicability of the PFJTP Regulations in the SCN:

Sr. No.	Reg. / Sec. No.	Regulation	Explanation
1.	3	No person shall directly or indirectly-	
2.	3(a)	buy, sell or otherwise deal in securities in a fraudulent manner;	None of the Noticee's acts can be categorized as fraud under Reg. 2(1)(c) The Noticee transacted on the anonymous trading system of the Exchange without the knowledge of who the counter parties are. All the trades are validly settled on the Exchange Platform. The trades were within price range permitted by the Exchange. There is no charge of meeting of mind or collusion with the counter party.
3.	Reg.	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;	None of the Noticee's acts can be said to have been in the form of a manipulative or deceptive device or in contravention to the provisions of the Act, rules or regulations of SEB'. The trades were validly executed on the platform of the Exchange and fully settled. No one has been alleged to have been affected by the trades which are allegedly manipulative. The alleged trades have taken place only on 2 days and with such infrequent trades, it is impossible to form a manipulative or deceptive device or contrivance in contravention to the provisions of Act and Rules of SEBI.
4.	Reg. 3(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;	The SCN fails to establish that The Noticee employed any device, scheme or artifice to defraud anyone. Further when the allegation pertains to carrying out a fraud, there has to be a defrauded party or, someone has to be induced to trade. No person has claimed to be defrauded or have been induced to trade because of the Noticee's trades.



5.	Reg. 3(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 the rules and the regulations made there under. Already responded in explanations above.	
6.	4(1)	Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.	Already responded in explanations above.
7.	4(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:—	
8.		indulging in an act which creates false or	The trades were in normal course of business and the settlement has been made by the
		Misleading appearance of trading in the securities market;	Exchange and the transactions have been correctly reflected in the books of accounts and therefore the trades are perfectly genuine. No false or misleading appearance of trading has been created by alleged trades.

26. Now dealing with the Judgment passed by the Hon'ble Securities Appellate Tribunal in the matter of Global Earth Properties Ltd. vs, SEBI (Appeal No. 212 of 2020, Date of decision 14<sup>th</sup> September, 2020), wherein it was inter alia held as under:

"20. From the aforesaid cumulative analysis of the reversed transactions with the counter party, quantity, time and significant variation of 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 booked 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 counterparties, and collusion with a view to trade at a predetermined price."

27. In the present matter it is to be noted that only 1 trade that too which was carried forward for 5 days cannot lead to a conclusion like the judgement aforesaid as the same was for frequent trades and reversal in few minutes or seconds on the same day which is not the current case.

28. Without prejudice to the aforesaid, if at all it is held that the Noticee violated the aforesaid PFIJTP Regulations, then in that case it is submitted that no penalty should be imposed on the Noticee taking into consideration the mitigating circumstances and factors under Section 15 J of the SEBI Act.

- i. The Noticee was under the belief that since the transactions executed were under the stock exchange mechanism and were therefore genuine;
- ii. No illegal gain has been made by the Noticee while trading in the stock options segment;
- iii. No loss has been caused to any investor or group of investor as a result of the Noticee's trading nor the same has been alleged against the Noticee in the SCN;
- iv. This is the first time, SEBI has taken any kind of action against the Noticee.

29. Reliance is also placed on the following judgments:

- a. The Hon'ble Bombay High Court in the matter of Securities & Exchange Board of India v. Cabot International Capital Corporation, 2004 SCC Online Bom 180:

38. Thus, the following extracted principles are summarised.

...

(G) Though looking to the provisions of the statute, the delinquency of the defaulter may itself expose him to the penalty provision yet despite, that in the statute minimum penalty is prescribed, the authority may refuse to impose penalty for justifiable reasons like the default occurred due to bona fide belief that he was not liable to act in the manner prescribed by the statute or there was too technical or venial breach etc.

...

44. Now, the question. of the penalty by the Adjudicating Authority, in the facts and circumstances of the case. was warranted or not. We find that the allotment in question was undoubtedly: covered under the exemption provided in Regulation 3(1). There could not have been insistence by the appellants SEBI to comply with the requirements of Regulation 3(4). It is also clear that when an acquisition is covered under Regulation 3, the acquirer is required to report to the Board under the sub-Regulation 3(4) within the specified time; as referred above. In view of this undisputed position, merely because there was no report filed, that itself cannot be read as serious defect or non-compliances of the said provisions. The Appellate Authority, after considering the material' on record, including the events, referred in the pleadings, found that the respondents company had no intention to suppress any material information from the appellants or the share holders.

- b. In the matter of Yogi Sungwon (India) Ltd. v/s SEBI - Appeal No. 36 of 2000, Order dated May 04. 2001. wherein Hon'ble Securities Appellate Tribunal had inter alia observed that:

"...On perusal of section 15I it could be seen that imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The words in the section that 'he may impose such penalty' is of considerable significance, especially in view of the guidelines provided by the legislature in section 15J. 'The Adjudicating Officer shall have due regard to the factors' stated in the section is a direction and not an option. It is not incumbent on the part of the Adjudicating Officer, even It is established that the person has failed to comply with the provisions of any of the sections specified in the sub-section (1) of section 15-I, to impose penalty. It is left to the discretion of the Adjudicating Officer, depending on the facts and circumstances of each case. ... "

- c. In the matter of National Highway Authority of India v/s SEBI - Appeal No. 232 of 2020, Order dated August 27, 2020, wherein it was inter alia observed that:  
 "23. In the light of the aforesaid, there is no doubt that if the Regulations require a particular act to be done in a particular manner and within the stipulated period then noncompliance of the said provisions would invite imposition of penalty but the law also provides and gives power to the respondent to relax the strict enforcement of the Regulations. We are of the opinion that the Adjudicating Officer failed to take into consideration the mitigating circumstances as a factor under Sec. 15-J while considering the imposition of penalty.  
 24. Consequently, for the reasons stated aforesaid, we are of the view that even though there has been a violation of Regulation 52 of the LODR Regulations but in the peculiar facts and circumstances of the present case which should not be treated as a precedent for other matters, we are of the opinion that the imposition of penalty of Rs 7 lakhs in the given circumstances was harsh and excessive. "
30. In this regard your attention is drawn to the judgment passed by the Hon'ble Supreme Court in the matter of Adjudicating Officer, Securities and Exchange Board of India v. Bhavesh Pabari has inter alia held that:  
 "Sanjiv Khanna, J.— Delay condoned. Two primary questions, in a way interconnected, have been referred by the referral judgment and order dated 14-3-2016 passed in Siddharth Chaturvedi v. SEBI [Siddharth Chaturvedi v. SEBI, (2016) 12 SCC 119]. The correctness of the view expressed on the said two questions by a numerical smaller Bench of this Court in SEBI v. Roofit Industries Ltd. [SEBI v. Roofit Industries Ltd., (2016) 12 SCC 125] would coincidentally arise. The questions referred can be enumerated and summarised as follows:  
 1.1. Whether the conditions stipulated in clauses (a), (b) and (c) of Section 15-J of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "the SEBI Act") are exhaustive to govern the discretion in the adjudicating officer to decide on the quantum of penalty or the said conditions are merely illustrative?  
 1.2. Whether the power and discretion vested by Section 15-J of the SEBI Act to decide on the quantum of penalty, regardless of the manner in which the first question is answered, stands eclipsed the penalty provisions contained in Section 15-A to Section 15-HA of the SEBI Act?  
 ...  
 3. For the purposes of the present reference, we may proceed to consider the provisions contained in Chapter VI-A of the SEBI Act. Sections 15-A to 15-HA are the penalty provisions whereas Section 15-1 deals with the power of adjudication and Section 15-J enumerates the "factors to be taken into account by the adjudicating officer" while adjudging the quantum of penalty.  
 ...  
 5. Insofar as the second question is concerned, if the penalty provisions are to be understood as not admitting of an exception or discretion and the penalty as prescribed in Section 15-A to Section 15-HA of the SEBI Act is to be mandatorily imposed in case of default/failure. Section 15-J of the SEBI Act would stand obliterated and eclipsed. Hence, the question referred. Sections 15-A (a) to 15-HA have to be read along with Section 15-J in a manner to avoid an inconsistency or repugnancy. We must avoid conflict and head-on-clash and construe the said provisions harmoniously. Provision of one section cannot be used to nullify and obtrude another unless it is impossible to reconcile the two provisions. The Explanation to Section 15-J of the SEBI Act added by Act 7 of 2017, quoted above, has clarified and vested in the adjudicating officer a discretion under Section 15-J on the quantum of penalty to be imposed while adjudicating defaults under Sections 15-A to 15-HA. Explanation to Section 15-J was introduced/added in 2017 for the removal of doubts created as a result of pronouncement in Roofit Industries Ltd. case [SEBI v. Roofit Industries Ltd. (2016) 12 SCC 125]. We are in agreement with the reasoning given in reference order dated 14-3-2016 [Siddharth Chaturvedi v. SEBI. (2016) 12 SCC 119] that Roofit Industries Ltd. [SEBI v. Roofit Industries Ltd. (2016) 12 SCC 125] had erroneously and wrongly held that Section 15-J would not be applicable after Section 15-A(a) was amended with effect from 29-10-2002 till 7-9-2014 when Section 15-A(a) of the SEBI Act was again amended. It is beyond any doubt that the second referred question stands fully answered by clarification through the medium of enacting the Explanation to Section 15-J vide Act 7 of 2017, which also states that the adjudicating officer shall always be deemed to have exercised and applied the provision. We, therefore, deem it appropriate to hold that the provisions of Section 15-J were never eclipsed and had continued to apply in terms thereof to the defaults under Section 15-A(a) of the SEBI Act.  
 6. Reference order in Siddharth Chaturvedi [Siddharth Chaturvedi v. SEBI. (2016) 12 SCC 119] on the said aspect has observed that Section 15-A (a) could apply even to technical defaults of small amounts and, therefore, prescription of minimum mandatory penalty of Rs 1 lakh per day subject to maximum of Rs 1 crore, would make the section completely disproportionate and arbitrary so as to invade and violate fundamental rights. Insertion of the Explanation would reflect that the legislative Intent, in spite of the use of the expression "whichever is less" in Section 15-A(a) as it existed during the period 29-10-2002 till 7-9-2014 was not to curtail the discretion of the adjudicating officer by prescribing a minimum mandatory penalty of not less than Rs 1 lakh per day till compliance was made, notwithstanding the fact that the default was technical, no loss was caused to the investor(s) and no disproportionate gain or unfair advantage was made. The legislative intent is also clear as Section 15-A(a) was amended by Amendment Act 27 of 2014 to state that the penalty could extend to Rs 1 lakh for each day during which the failure continues subject to a maximum penalty of Rs 1 crore. This amendment in 2014 was not retrospective and therefore, clarificatory and for removal of doubt Explanation to Section 15-J was added by Act 7 of 2017. Normally the expression "whichever is less" would connote absence of discretion by prescribing the minimum mandatory penalty, but in the context of Section 15-A (a) as it was between 29-10-2002 till 7-9-2014 read along with Explanation to Section 15-J added by Act 7 of 2017, we would hold that the legislative intent was not to prescribe minimum mandatory penalty of Rs 1 lakh per day during which the default and failure had continued. We would prefer to read and interpret Section 15-A(a) as it was between 29-10-2002 and 7-9-2014 in line with Amendment Act 27 of 2014 as giving discretion to the adjudicating officer to impose minimum penalty of Rs 1 lakh subject to maximum penalty of Rs 1 crore, keeping in view the period of default as well as aggravating and mitigating circumstances including those specified in Section 15-J of the SEBI Act." (emphasis supplied)
31. SEBI in view of the aforesaid judgment passed by the Hon'ble Supreme court has in various matters imposed penalty lesser than the minimum prescribed penalty. Two of such cases are mentioned hereinunder:

- i. AO Order dated 26<sup>th</sup> February, 2021 in the matter of Octant Interactive Technologies Limited, wherein it was inter alia held as under:  
 "35. Therefore, in view of the above, I hold that the Noticee by indulging in reversal/synchronized trades in connivance with others without the intention of transferring beneficial ownership leading to false and misleading appearance of trading in the securities market has violated the provisions of Regulations 3(a), (b), (c), and (d), 4(1), and 4(2)(a) and (g) of PFUTP Regulations,  
 ...  
 41. Accordingly, taking into account the aforesaid observations and in exercise of power conferred upon me under Section 15 I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs. 2,00,000/- (Rupees Two Lakh Only) under Section 15HA of SEBI Act, 1992 for violation of Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2011 on the Noticee viz. Kishore V Gandhi HUE which will be commensurate with its violations.
- ii. AO Order dated 29<sup>th</sup> March, 2019, in the matter of Sangam Advisors Ltd. wherein it was inter alia held as under:  
 "13. Thus, it is the submission of the Noticee that disclosures for transaction dated November 29, 2013 was made with a delay of 1 working day. It also submitted that it made disclosures for its transactions on December 12, 2013 within 2 working days of the transaction, albeit prematurely and under a different regulation based on an erroneous interpretation of statute. Similarly: it submitted that it made a delayed disclosure by seven working days for its transaction on December 31, 2013, again prematurely under different regulation based on an erroneous interpretation of statute. The Noticee also produced acknowledged receipts of disclosures made to the Company as well as the BSE.  
 14. The Noticee also stated that filing of disclosures under different regulations and instances of delay in filing by one day and seven days were inadvertent, unintentional and not accompanied with any mala fide intention. It also admitted that it did not make relevant disclosures under Regulation 13(3) of the PIT Regulations for its transactions on December 12, 2013 and December 31, 2013 but information relating to these disclosures was already made available in its disclosures filed under SAST Regulations.  
 ...  
 25. Therefore, taking into accounts the facts and circumstances of the instant matter and presence of mitigating factors as discussed above, I am of the view that a penalty of 1,00,000/- will be commensurate with the violation of provisions of PIT Regulations and SAST Regulations by the Noticee. "
32. In the present matter, it has been alleged that Noticee executed 1 fraudulent and non-genuine trades in 1 unique contract which resulted in a nominal profit of Rs. 4.56 Lakhs, comparing the same with the other orders of Illiquid Options passed by SEBI and various orders, it is submitted that a lesser penalty like warning may be imposed taking into consideration the mitigating factors and circumstances as mentioned above.
33. Thus in view of the facts stated, arguments advanced and authorities cited, it is humbly prayed that the present proceedings be quashed since no primary violation of any PFUTP Regulations is made out against the Noticee and the genuineness of the trades has also been explained hereinabove. Therefore, the question of holding an inquiry against the Company in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and imposing penalty for the alleged violation does not arise.

## Submissions of Noticee 32:

1. We, Inventure Growth & Securities Limited ("Noticee") are Noticee no. 32 in the SCN. We deny all allegations contained in the SCN and nothing contained therein should be deemed to be admitted by us for want of specific denial. We deny we have done any action which violates the provisions of the Securities and Exchange Board of India Act, 1992 ("SEBI Act") or SEBI (Prevention of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("PFUTP Regulations") or SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and therefore we cannot be held liable for the same. We respond to the SCN as under —
2. With respect to the Noticee, the following facts and allegations are stated in the SCN —
  - a. SEBI initiated adjudication proceedings against, inter alia, Noticee pursuant to investigation in the matter of trading activities of certain entities in Index options contracts of NIFTY for the period 1.01.2014 to 1.01.2015 ("Investigation Period / "IP")
  - b. On the basis of information collected from UCC details, off-market data and bank statements, SEBI identified 3 groups of 12, 7 and 5 connected entities. SEBI observed that there was no connection of the Noticee (who was among the remaining 6 entities), either the remaining 6 entities or with other 24 Noticee's including Noticee 30.
  - c. SEBI observed that the Noticee was the broker of the Group 3 entities i.e. Noticee nos. 19 to 23 in the SCN.
  - d. The allegations with respect to the Noticee is that —
    - i. One Nagji Keshavji Rita, who forms part of Group 3 was director of the Noticee from 22.06.1995 to 04.08.2018 i.e. during the investigation period.
    - ii. The trades of entities in Group 3 were placed through Noticee and it is alleged that Group 3 has executed 12 non-genuine square-off trades with Noticee no.30 wherein Noticee was broker of Group 3.
    - iii. Since the entities involved are directors to the Brokers including the Noticee, it is not possible that the Directors of the broking entity placed non-genuine and fictitious trades without the knowledge of the respective broking entity.
    - iv. Thus, the Noticee has colluded with the clients and knowingly executed the non-genuine and fictitious trades.
    - v. Therefore, the Noticee aided and facilitated the other Noticee's in a deliberate attempt to manipulate the market for various purposes by using exchange trading platform.
    - vi. The Noticee has also not carried out the necessary due-diligence and compliance with the statutory requirements while dealing with the client.

- vii. In view of the aforesaid, it is alleged that Noticee has violated Section 12A (a), (b), (c) Of SEBI Act read with Regulation 3(a), (b), (c), (d), Regulation 4(1) and 4(2)(a) of PFUTP Regulations and clause A (1), (2) (3) (4) and (5) of Code of Conduct as specified in Schedule II under regulation 9(f) of Brokers Regulation.
3. In view of the allegations qua the Noticee, the following submissions are made, all of which are in the alternative and without prejudice to the other:
- At the outset, it is submitted that it is a fact that Nagji Keshavji Rita was a director of the Noticee. However, he does not form part of Group 3. Group 3 as stated in the SCN includes the entities Noticee no. 19 to 23 to the SCN and does not include Nagji Keshavji Gada. Infract, SEBI has observed in the SCN that the Noticee does not have any connection with any of the other Noticee's to the SCN. The entire basis for allegations against the Noticee is that director of Noticee formed part of Group 3 entities and Group 3 entities, who placed trades through Noticee, executed 12 non-genuine square-off trades with Noticee no. 30 to the SCN wherein Noticee was the broker of Group 3. Since Nagji Keshavji Rita is not part of Group 3 entities as can be observed in the SCN itself, the allegations qua the Noticee do not sustain.
  - Without prejudice, it is submitted that merely because the Noticee is the broker of entities allegedly involved in execution of fictitious trades, Noticee cannot be held liable for acts of such entities. Since the entities were not even counter parties to trades of each other, the Noticee could not have any knowledge of any scheme of manipulation by the Group 3 entities. By merely performing its duties as a stock broker to its client in accordance with the law, the Noticee cannot be alleged to have aided and facilitated other Noticee's in a deliberate attempt to manipulate the market.
  - The Noticee merely executed transactions for its clients in usual course of business.
  - The Group 3 entities who traded through the Noticee are alleged to not have traded amongst themselves but with Noticee no.30 to the SCN whose broker is not the Noticee. The Noticee cannot be said to have been aware of the trades being placed by Noticee no. 30.
  - The SCN does not establish how the Noticee colluded with the Group 3 entities or had knowledge of fictitious trades executed by the Group 3 entities. The allegations in the SCN qua the Noticee are mere ipse dixit and on the basis of incorrect fact that former director of Noticee was part of Group 3 entity who executed fictitious trades.
  - Without prejudice to the rights and contentions of the Noticee, it is also submitted that the purported trades of Group 3 entities where the Noticee was the broker constituted only 12 square off trades i.e. 1.23% out of the total square off trades, much less than other entities alleged to be involved. Even going by square off trade quantity, the Group 3 entities executed only 1.28% of the total trade quantity executed. It is pertinent to note that Group 3 entities executed trades on different dates and not in large quantities. The trades of Group 3 entities did not appear suspicious as such trades were not unusual but appeared to be in the ordinary course of business. The square off of the Noticee's is as follows:

Particulars	Square off trades	Square off trades Qty.	% Square off trades	% Square off trades Qty.
Dolat	344	1771300	35.25	37.11
Nirpan	160	919300	16.39	19.26
Vaibhav	318	1599750	32.58	33.51
Jambuwala	90	170950	9.22	3.58
Inventure	12	61100	1.23	1.28
Keshav	52	251200	5.33	5.26
	976	4773600	100	100

- The SCN also fails to set out the basis for alleging that Noticee did not carry out necessary due-diligence and compliance with the statutory requirements while dealing with the client. In a screen based trading system, the Noticee cannot be aware of who the counter party to the trades are.
- Section 12A of SEBI Act and Regulation 3 and 4 of PFUTP Regulations necessarily include dealing in securities as an essential ingredient and that a person dealing in securities either directly or indirectly indulged inter alia in manipulative and deceptive devices. Regulation of PFUTP Regulations defines "Dealing in securities" as an act of buying or selling of any security or otherwise transaction in any way in any security. It also includes such acts which may be knowingly designed to influence the decision of the investors in securities; and any act of providing assistance to carry out the aforementioned acts. In the present case, it is a fact that Noticee has not dealt in any securities. The only allegation qua the Noticee is that the entities who purportedly executed fictitious trades executed it through the Noticee as their broker and therefore the broker colluded with such entities in execution of non-genuine transactions. On this basis, the Noticee is made a party to the SCN.
- The Hon'ble Supreme Court in Paragraph 40 of the judgment in the matter of Securities and Exchange Board of India v. Rakhi Trading Private Limited (2018) 13 Supreme Court Cases 753  
40. As far as brokers are concerned, we are of the view that there is hardly any evidence on their involvement so as to proceed against them for violation of Regulation 771 of the Brokers Regulations and PFUTP Regulations. Merely because a broker facilitated a transaction, it cannot be said that there is violation of the Regulation. SEBI has not provided any material to suggest negligence or connivance on the part of the brokers.

- As held by this Court in *Kishore R. Ajmera (supra)*, there are several factors to be considered. We would especially like to refer to the case of *Angel Trading* wherein the broker repeatedly wrote to the National Stock Exchange informing them about trades in the options segment that were executed at unrealistic prices and requesting them to put in mechanisms in the Options segment so that these trades are not allowed to enter the system. In the absence of any material provided by SEBI to prove the charges against the brokers, particularly regarding aiding and abetting fraudulent or unfair trade practices, we are of the opinion that the orders of SEBI against the brokers should be interfered with. Accordingly, the appeals filed against the brokers are dismissed.
- j. In the case of *Price Waterhouse and Co. v. SEBI* (appeal no. 6 of 2018, dated 09.09.2018), the Hon'ble SAT laid down the scope of Regulation 3 & 4 of PFUTP Regulations. The Tribunal held —  
 "43. From the aforesaid decisions and on a reading of the provisions of Section 12A of the SEBI Act and Regulation 3 & 4 of PFUTP Regulations, it is apparently clear that the object of Section 12A & PFUTP Regulations is to curb "market manipulations". The manipulative and deceptive devices must be in relation to "securities" and must be by a person "dealing in securities". The Supreme Court in *Kanaiyalal (supra)* has expanded the term person' to include a non-intermediary culpable under the PFUTP Regulations as the front runner was found to be dealing with the securities. Further, the charge against the "tippee" was required to be proved under Regulation 3 (a), (b), (c), (d) & 4(1) of the PFUTP Regulations. Further, the use of manipulative device was intended to deceive another person. The Supreme Court thus enlarged the scope of 'fraud' under the PFUTP Regulations to cover an action or omission even without deceit if such act or omission had the effect of inducing another person to deal in securities. Thus, more than reckless or careless", 'inducement' becomes more significant where fraud' is required to be proved. The Supreme Court held that mens rea is not an indispensable requirement and fraud can be inferred on a preponderance of probabilities. However, the inferential conclusion must be arrived at from proven and admitted facts.
  - k. The Noticee has not dealt in securities in the first place. There is no allegation that the Noticee used manipulative device to deceive any person. The Noticee is also not alleged to have induced anyone. In fact it is established in the SCN that the Noticee is not connected to any of the other Noticee's. Therefore, even on basis of preponderance of probabilities, fraud is not inferred against the Noticee.
  - l. The Hon'ble Supreme Court in *SEBI v. Kanaiyalal Baldevbhai Patel and Ors. (Civil Appeal no. 2595 of 2013)* has also held that for the allegation of fraud, inducement is a necessary ingredient. Therefore, the Noticee cannot be alleged to be involved in any fraud.
  - m. As discussed in the abovementioned contention, in the case of *Price Waterhouse and Co. v. SEBI (supra)*, it was decided by the Hon'ble SAT, that even for inferring a conclusion, there needs to be proven or admitted facts on basis of which such conclusion is derived. In the above case, no such facts have been established by SEBI for inferring to the conclusion that Noticee aided and facilitated the other Noticee's in a deliberate attempt to manipulate the market for various purposes by using exchange trading platform.
  - n. The Hon'ble Supreme Court in the case of *Chander Kanta Bansal Vs. Rajender Singh Anand (2008 (5) SCC 117)* observed that due diligence in law means reasonable diligence and doing "everything reasonable, not everything possible". It further observed that "Due diligence" means reasonable diligence; it means such diligence as a prudent man would exercise in the conduct of his own affairs. In the present case, the Noticee has complied with all the statutory requirements and carried out reasonable diligence on trades carried out using its services. Since the purported fictitious trades were screen based trades and with an entity whose account was not with the Noticee, finding any suspicious activity therefrom would not be reasonably possible. If the Noticee had not executed trades of the client, under the statutory laws, the Noticee would have in fact become liable to its client for not complying with client instructions when the client was compliant with necessary margin requirements. It is submitted without prejudice that such purported trades were only found fictitious after 7 — 8 years of execution of trades and that too pursuant to extensive investigation by SEBI into trades executed by 30 entities, none of whom are related to the Noticee.
  - o. There has been a gross and inordinate delay in issuance of the SCN. The Hon'ble SAT in the case of *Ashok Shivlal Rupani v. SEBI (Order dated 22.08.2019 in Appeal no. 417 of 2018)* on delay of 8 years held -  
 "6. Having considering the matter, we are of the view that there has been an inordinate delay on the part of the respondent in initiating proceedings against the appellants for alleged violations. Much water has flown since the alleged violations and at this belated stage the appellants cannot be penalized. It is alleged that disclosure under PTT Regulations was not made but similar disclosure was made by the appellant under SAST Regulations. Therefore, information was available on the Stock Exchange and therefore it cannot be said that the respondents were unaware of the alleged violations. Further, the purpose of disclosure was to make the market aware of the change of shareholding of the shareholders. When a disclosure was made by the company under SAST Regulations the investors became aware of the change in the shareholding. The non-compliance of Regulation 13 if any becomes technical in nature.  
 7. In *Mr. Rakesh Kathotia & Ors. vs. SEBI (Appeal No. 07 of 2016)* decided by this Tribunal on 27.05.2019 proceedings were quashed on account of inordinate delay. The said decision is squarely applicable to the instant case. For facility, the relevant paragraph of the order is extracted hereunder:  
 "23. It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in *Government of India vs. Citeda1Fine Pharmaceuticals, Madras and others, [AIR (1989) SC 1771]* held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court in *Bhagnagar University v. Palitana Sugar Mill (2004) Vol. 12 SCC 670, State of Punjab vs. Bhatinda District Coop. Milk P, Union Ltd (2007) Vol. 11 SCC 363 and Joint Collector Ranga Reddy Dist. & Anr. vs. D. Narsing Rao & Ors. (2015) Vol. 3 SCC 695. The Supreme Court recently in the case of *Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294* held:*

*"There are judgments which hold that when the period of limitation is not prescribed, such Power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."*

*8. In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice and for completion of the adjudication proceedings. Since the power to adjudicate has not been exercised within a reasonable period no penalty could have been imposed for the alleged violations.*

*9. As a result, without going into the merits of the case, we are of the opinion that on account of inordinate delay the initiation of proceedings by issuance of the show cause notice which culminated into a Penalty order cannot be sustained. The show cause notice and the impugned orders passed by the AO are quashed. Both the appeals are allowed"*

*P. Thus, in view of the aforesaid facts and circumstances, the Noticee cannot be held to be in violation of Section 12A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), Regulation 4(1) and 4(2)(a) of PFUTP Regulations and clause A (1), (2) (3) (4) and (5) of Code of Conduct as specified in Schedule II under regulation 9(f) of Brokers Regulation.*

*4. Please note, the Noticee is desirous of availing an opportunity before the competent authority and requests you to grant a personal hearing in the matter.*

*....."*

## **D. CONSIDERATION OF ISSUES AND FINDINGS**

10. The issues that arise for consideration in the instant matter are:

### **Issue No. I :**

- a) Whether Noticees 1 to 30 violated Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) of PFUTP Regulations, as alleged?
- b) Whether Noticees 31 to 36 violated Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) of PFUTP Regulations and Clause A (1), (2), (3), (4) and (5) of Code of Conduct as specified in Schedule II under Regulation 9(f) of Stock Brokers Regulations, as alleged?

**Issue No. II:** If yes, whether the failure on the part of the Noticees 1 to 30 would attract monetary penalty under Section 15HA of SEBI Act, 1992 and failure on the part of the Noticees 31 to 36 would attract monetary penalty under Section 15HA and 15HB of the SEBI Act, 1992, as applicable?

**Issue No. III:** If yes, what should be the monetary penalty that can be imposed upon the Noticees?

11. I note that the Noticees as part of their reply had raised copious preliminary technical contentions. Accordingly, it would be pertinent to firstly deal with the preliminary technical contentions raised by the Noticees. I note that most of contentions were contextually common /albeit tad differently worded, the quintessence of the technical contentions raised by the Noticees, broadly speaking, pertained to aspects relating to request for documents, inspection of documents, delay in issuance of the SCN and seeking benefit of Settlement Scheme /SEBI Settlement Scheme 2022. In this regard, as already stated earlier, context/ reference of certain technical contentions being analogous, for brevity the same are being dealt with conjointly in the following paragraphs:

11.1. Noticees 1 to 11, 12 to 18, 24, 26, 30, 31, 32 and 33 to 35 inter alia contended that the SCN in the present matter has been issued after unexplainable and fatal delay of 7 years. The trades in question and investigation period pertain to the year 2014-2015 and the present SCN was issued on February 4, 2022. In this regard, Noticees also relied upon certain judgements of Hon'ble SAT viz., Hon'ble SAT Order dated March 24, 2022 Appeal No 719 of 2021 in the matter of Yatin Pandya HUF vs SEBI; Order dated 31.1.2020 in the matter of Ashlesh Gunvantbhai Shah vs SEBI; Order dated 27.5.2019 in the matter of Rakesh Kathotia & Ors. Vs SEBI; Ashok Shivalal Rupani vs SEBI; Sanjay Jethalal Soni & Ors. vs SEBI; Parag Sarda vs SEBI, on 12.11.2020; ICICI Bank Ltd. vs SEBI on 8.7.2020; and SEBI orders viz., WTM, SEBI order on December 30, 2021 in the matter of Monarch Network Capital Ltd.

In this regard, firstly I note that each matter may be peculiar in its facts and circumstances based on which the violations are ascertained. I note that the Noticee's have neither demonstrated as to how the cited orders were applicable in the instant matter nor demonstrated as to what were the relied

upon findings in the respective orders which have a bearing on the alleged violations against Noticee's in instant matter. In this regard, I am of the opinion that facts and circumstances of each matter are unique in nature and are accordingly dealt with and decided. Hence, any generic parallel drawn would be devoid of merit.

Further in this regard, it would be relevant to state that the Hon'ble Supreme Court in Securities and Exchange Board of India v. Sunil Krishna Khaitan and Others [Civil Appeal No. 8249 of 2013] had inter alia observed and held that reasonable period to initiate proceeding would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. I note that initiation of adjudication proceedings under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case, and just because the alleged violation was committed in a distant past cannot be a ground to vitiate initiation of the proceedings.

- 11.2. In this regard, I note from material available on record that the investigation in the instant matter was initiated during June 2018, investigation period being from January 01, 2014 to January 01, 2015 and the investigation was completed during March 2021. I note from the material available on record that investigation in the instant matter involved analysis of various data like trading data and trade logs, UCC data, bank statements, off market data, mobile numbers and email IDs, transfer of funds etc. involving multiple entities. During the investigation, information was sought from various entities including but not limited to the stock exchanges, depositories, banks, stock brokers etc. In view of the above facts and circumstances, I am of the view that investigation is an exhaustive and time consuming process, which requires detailed analysis of various aspects especially considering that there were multiple entities involved in the instant matter including the Noticees and multiple violations.



Further in this regard, I also note that there was change of investigating authority (IA) during investigation in the matter by SEBI requiring reallocation of the matter from one IA to another.

I also note that multiple AOs had been appointed in the instant matter viz., initially Sh. Amit Pradhan, CGM, SEBI was appointed as the Adjudicating Officer in the matter vide Communique dated June 10, 2021, however pursuant to Sh. Amit Pradhan proceeding on deputation Ms. Maninder Cheema, CGM, SEBI was appointed as the Adjudicating Officer vide Communique dated June 24, 2021. I also note that intermittent period involved period relating /consequent to Covid-19 pandemic outbreak including period involving nationwide lockdowns. The SCN in the matter was issued on February 04, 2022 by Ms. Maninder Cheema, CGM, SEBI (erstwhile AO) . I further note that no limitation is prescribed in SEBI Act or Regulations for issuance of SCN or for completion of the Adjudication proceedings. In this respect, reliance is also placed on following Orders passed by the Hon'ble SAT:

- (i) **In Rajendra Aggarwal vs. SEBI** (Misc. Application No. 426 of 2020 and Appeal No. 552 of 2019), dated September 17, 2021, the Hon'ble SAT inter alia observed and held that:

...  
13. On issue of delay, we find that the show cause notice was issued in the year 2013 and the trades were executed in 2009. The investigation was against a large number of entities which apparently took time and ultimately notices were issued to 35 entities. Consequently, we do not find any inordinate delay in the issuance of the show cause notice nor do we find any merit in the contention that there was an inordinate delay in the delivery of the impugned order after the last date of hearing by the AO. We are of the opinion that after the conclusion of the arguments the data of 35 entities was required to be analysed and collated which took time and, therefore, we do not see any reason to vitiate the judgment only on the ground of delay in delivering the order. In any case, such delay in the delivery of the judgment does not cause any prejudice to the appellants.  
...

- (ii) **In Hemant Sheth and Ors. vs. SEBI**, Appeal No. 521 of 2021, decided on January 07, 2022, the Hon'ble SAT inter alia observed and held that:

...  
9. Insofar as the delay is concerned we find that after the observation made by the WTM in its order of May 10, 2013 SEBI took action and appointed the AO dated July 4, 2013. No doubt the show cause notice was issued in January 2016 but the delay in the issuance of the show cause notice in the instant case will not vitiate the proceedings initiated against the appellants in the peculiar facts and circumstances of the case. Consequently, we are not inclined to quash the proceedings only on the ground of inordinate delay as asserted by the learned counsel for the appellant.  
...

In view thereof, in particular that investigation is an exhaustive and time consuming process, which inter alia involves seeking of information and /or documents from various sources and analysis thereof with respect to multiple entities and multiple violations, transfer of IAs, intermittent Covid-19 pandemic related period, transfer of AOs etc. and judgments relied upon as cited above, I am of the view that there was no inordinate delay in issuance of the SCN in the instant proceedings. Therefore, the contentions of the Noticees 1 to 11, 12 to 18, 24, 26, 30, 31, 32 and 33 to 35 in this regard are devoid of merit and hence not acceptable.

- 11.3. Noticees 12 to 18, 24 and 31 contended that the SCN has been issued in apparent disregard to the procedure established under the Adjudication Rules. A composite notice where the addressee /Noticee has been directed /required to show as to why no inquiry should be held and why penalty should not be imposed at the same point of time while the Adjudication Rules requires issuance of notice to show cause firstly, as to why an enquiry should not be held and secondly, as to why the penalty should not be imposed. It is submitted that the scheme of Rule of the Adjudication Rules provides for two separate and distinct stages of the proceeding, one being a show-cause as to why an enquiry should not be held and only after arriving at an opinion that an enquiry is required to be held, the other notice as regards the penalty to be imposed can be made. The composite SCN, as issued in the present case, by which the two stages of the proceeding was amalgamated into one would not be maintainable as the second stage of issuing the notice for penalty requires the satisfaction of the condition precedent of there being an opinion formed that the enquiry is required to be held and hence the SCN itself has been issued in complete disregard to the procedure established under the law.

In this regard, I note that the Rule 4 of the Adjudication Rules brings out the procedure to be followed by the Adjudicating Officer while conducting the proceedings and there is no prohibition regarding issuance of composite SCN, as issued in the instant matter. I note that the SCN was issued inter alia specifying the nature of offence alleged to have been committed, to enable the Noticee to effectively reply to the SCN. I note that the penalty had not been determined and /or imposed upon the Noticee's at any earlier stages viz. issuance of SCN or hearing stage in the instant matter. Further, sufficient time was provided to them to submit comprehensive reply to the SCN, opportunity of inspection of relevant documents as relied upon was afforded and they were also afforded multiple opportunities of hearing. I also note that the Noticees 12 to 18, 24 and 31 did not demonstrate with relevant details and documents as to how issuance of a composite SCN caused any prejudice to them. In view thereof, the contentions of the aforesaid Noticees 12 to 18, 24 and 31 in this regard are devoid of merit and hence not acceptable.

- 11.4. As regards contentions of Noticees 1 to 11, 12 to 18, 19 to 23, 24, 26, 29, 30 and 31 to 35, relating to benefit of settlement /settlement scheme, firstly I note that administering of settlement /applications for settlement / settlement scheme and adjudication proceedings are two distinct aspects. In this regard, I note that as per extant applicable provisions of SEBI Act, 1992 and Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 ('SEBI Settlement Regulations, 2018'), administering of aspects relating to settlement inter alia including considering of Settlement applications are administrative domain and prerogative of the Board. In this regard reference is inter alia drawn to provisions of Section 15JB of SEBI Act, 1992 and Regulation 26 of SEBI Settlement Regulations, 2018 which read as under:

**SEBI Act, 1992**

'....

<sup>114</sup>**[Settlement of administrative and civil proceedings.**

[15JB. (1) ..., any person, against whom any proceedings have been initiated ....., **may file an application in writing to the Board** proposing for settlement of the proceedings initiated ..... for the alleged defaults.

(2) **The Board may**, after taking into consideration the nature, gravity and impact of defaults, agree to the proposal for settlement, on payment of such sum ..... or on such other terms as may be determined by the Board in accordance with the regulations made under this Act.

(3) The settlement proceedings under this section shall be conducted in accordance with the procedure specified in the regulations made under this Act.

(4) No appeal shall lie under section 15T against any order passed by the Board or adjudicating officer, as the case may be, under this section.]

115[(5) All settlement amounts, excluding the disgorgement amount and legal costs, realised under this Act shall be credited to the Consolidated Fund of India.]

....'

(emphasis supplied)

**Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018**

'...

**Settlement Schemes.**

26. Notwithstanding anything contained in these regulations, **the Board may** specify 21[\*\*\*] a settlement scheme for any class of persons involved in respect of any similar specified defaults.

....'

(emphasis supplied)

Further in this regard, I note that as part of the SCN viz., Para 52 of the SCN, Noticees had inter alia been informed about the option of settlement available to them as per SEBI Settlement Regulations, 2018. I also note that, in any case, Noticees were at liberty to approach SEBI /relevant department of SEBI and it was for Noticees to apply for settlement in terms of extant applicable provisions of the SEBI Settlement Regulations, 2018. In this regard, it is noted from Noticee 1' reply dated December 22, 2022 that he had also filed an RTI application with SEBI in respect of settlement /seeking benefit of settlement scheme which had been responded to by SEBI, as is evident from his submissions. In view thereof, the contentions of the Noticees 1 to 11, 12 to 18, 19 to 23, 24, 26, 29, 30 and 31 to 35 in this regard are devoid of merit and hence not acceptable.

- 11.5. As regards contentions of Noticees 1 to 11, 12 to 18, 19 to 23, 24, 26, 29, 30 and 31 to 35 relating to seeking documents, I note that Noticees were provided with relevant documents as relied upon with respect to alleged violation inter alia including details of connection, UCC details, off market details, bank statements, MCA details, details of trades etc. as annexures to the SCN. Further, copy of relevant investigation report and relevant trade

logs were also provided and inspection of relied upon documents had also been provided to and availed by concerned Noticees, as brought out in the foregoing paragraphs.

11.6. As regards request for other documents, I note that same were either not relied upon and /or did not pertain to instant proceedings and were instead apparently predisposed towards Noticees seeking benefit of the Settlement Scheme /SEBI Settlement Scheme 2022 or related to procedural aspects. As regards settlement related aspects, the same being under administrative domain of the Board, Noticees were at liberty to approach the concerned department of SEBI, as also dealt with and brought out in the foregoing. As regards documents relating to procedural aspects, I note that Noticees as part of the instant proceedings had inter alia been provided with copy of signed and dated investigation report by the investigating authority and copies of communiques of appointment of AOs which inter alia had details about competent authority having approved appointment of AOs. In view thereof, the contentions of the Noticees 1 to 11, 12 to 18, 19 to 23, 24, 26, 29, 30 and 31 to 35 in this regard are devoid of merit and hence not acceptable.

11.7. As regards contentions of Noticees 1 to 11, 26, 30 and 33 to 35 that they had not been granted opportunity for inspection of list of documents. I note that the documents sought by them were mostly related to investigation in the matter or appointment of Adjudicating Officer in the matter, documents related to judgment of Hon'ble SAT /file notings of SEBI / board approved enforcement action policy in some other matters, evidence with respect to Noticees having caused any damage to other investors or having made any illegitimate gain, complete details of the options in which they traded during the investigation period in both BSE and NSE. Noticees 12 to 18, 24 and 31 also contended that they have not been provided with the similar list of documents. They relied upon Order dated February 18, 2022 passed by the Hon'ble Supreme Court in the matter of T. Takano vs SEBI & Anr. (C.A.

Nos. 487 - 488 of 2022) and in the matter of Kanwar Natwar Singh vs Directorate of Enforcement &Anr.

In this regard, firstly, I note that the Noticees 1 to 11, 12 to 18, 24, 26, 30, 31 and 33 to 35 were afforded with the opportunity of inspection of documents and the same was availed by them whereby inspection of relevant Investigation Report along with copy of the Investigation Report and relevant trade logs were provided, as brought out in the foregoing paragraphs inter alia relating to details of inspection of documents. In this regard, I also note that the relevant documents as relied upon in the instant proceedings were provided to them as part of SCN and annexures thereto. Further, copies of communiques with respect to appointment of Adjudicating Officers were also provided to them. I note that the other documents sought by the aforesaid Noticees viz. documents related to judgment of Hon'ble SAT/ file notings of SEBI / board approved enforcement action policy in other matters, complete details of the options in which they traded during the investigation period in both BSE and NSE, save for the impugned trades, details in respect of which had been provided, were neither part of the material /information available on record nor were relied upon in the instant matter. In this regard, reliance is placed on Hon'ble Supreme Court judgment dated September 14, 2022 in the case of Kavi Arora vs. SEBI wherein it is held that:

“

....  
49. It is well settled that the documents which are not relied upon by the Authority need not be supplied as held in Natwar Singh (Supra) where this Court held:-

*“48. On a fair reading of the statute and the Rules suggests that there is no duty of disclosure of all the documents in possession of the Adjudicating Authority before forming an opinion that an inquiry is required to be held into the alleged contraventions by a noticee. Even the principles of natural justice and concept of fairness do not require the statute and the Rules to be so read. Any other interpretation may result in defeat of the very object of the Act. Concept of fairness is not a one way street. The principles of natural justice are not intended to operate as roadblocks to obstruct statutory inquiries. Duty of adequate disclosure is only an additional procedural safeguard in order to ensure the attainment of the fairness and it has its own limitations. The extent of its applicability depends upon the statutory framework.”*

In view thereof, in particular that the Noticees had been provided with relevant documents as relied upon, as part of the annexures to the SCN and that the Noticees had also availed inspection of documents, the

contentions of the Noticees 1 to 11, 12 to 18, 24, 26, 30, 31 and 33 to 35 in this regard are devoid of merit and hence not acceptable.

- 11.8. Noticees 1 to 11, 26, 30 and 33 to 35 also contended that in the event Quasi-Judicial Authority decides to decline the request of any/ all the documents requested by the Noticee in inspection, it must communicate such decision by way of a separate reasoned order, as was done by Hon'ble Ms. Madhabi Puri Buch in respect of the brokers in the matter of National Spot Exchange Limited inter alia in respect of in respect of Anand Rathi Commodities Limited.

In this regard, it is important to refer paragraph 30 of the order in the matter of Anand Rathi Commodities Limited which was cited by the Noticees, which inter alia states as follows: *“As a normal practice, the outcome on the issues of inspection is addressed by way of administrative notices/letters sent by SEBI. If formal orders are to be passed on every objection/issues raised by each Noticee in every proceeding, it will ultimately result in a multiplicity of orders in one and the same proceeding and further result in delay of dispensation of justice and also clog-up the quasi-judicial and appellate forum with unwarranted litigations. This will become a tool in the hands of entities who may not have substantive submissions to make on merit and seek to delay and wriggle out of rigors of timely enforcement action by raising such pleas with the intention of delaying final adjudication of the case on merits. SEBI has already passed an order on the aspect of outcome of inspection in a related matter Phillip Commodities India Pvt. Limited stating that the said order will not be cited as precedent. In the interest of uniformity to the related matter this order is passed. Thus, **I am of the opinion that this order should not be cited as a precedent in every matter where inspection is sought by parties...**”* (emphasis supplied)

In view thereof, the contention of the Noticees in this regard are devoid of merit in so far as the order cited by them itself inter alia mentioned that *‘... the said order will not be cited as precedent ... ’*

I further note that the Noticees were time and again communicated that the relevant documents as relied upon had been provided to them as annexures to the SCN and they also availed the inspection of the documents and received copies thereof of relevant Investigation Report in the matter , as brought out in the foregoing. Therefore, the contention of Noticees in this regard are devoid of merit and hence not acceptable.

- 11.9. Noticees 1 to 11, 26, 30 and 33 to 35 contended that they had requested to provide material /documents /evidence which differentiated the instant matter from BSE illiquid options cases covered by the Settlement Scheme 2022, including SEBI's Board agenda notes approving the Settlement Scheme 2022. They also contended that in the event the same was not on file and/or not in possession, it may be pertinent to state that the Quasi-Judicial Authorities have regularly been seeking information relevant to the case, when they are not in possession of such information or when the information is not readily available to them and have been giving it to the Noticees. They relied upon Hon'ble SAT order in Pooja Wadhawan vs SEBI in Appeal No. 487 Of 2021 dated 13th September, 2021.

In this regard, I note that the contentions of the said Noticees were evidently predisposed towards seeking benefit of the SEBI Settlement Scheme 2022, which the Noticees had requested otherwise too. In this regard, I note that aspects relating to settlement/ settlement scheme were prerogative and administrative domain of the SEBI/ Board, as also brought out in the foregoing paragraphs. In this regard, as brought out earlier, I note that relevant documents as relied upon had been provided to the Noticees. Further, as regards contention of the Noticees with respect to supply of documents relating to Settlement Scheme, 2022, I note that the same is out of context in so far as the Settlement Scheme, 2022 pertained to BSE Illiquid Stock Options matter and not to the instant Adjudication Proceedings. This was also informed by SEBI in response to the RTI filed



by Noticee 1 regarding Settlement Scheme, 2022. In this regard, reliance is placed on Hon'ble SAT's order in Pooja Wadhawan vs SEBI, also cited by the Noticee, whereby Hon'ble SAT had inter alia observed and held that :

'...

13. The writ court held that the petitioner should participate in the adjudication of the hearing and if any adverse order is passed then the same can be challenged and highlighted before the appropriate court and can complain that the documents which has been relied upon was not provided and, therefore, was in violation of principles of natural justice...

14. The Supreme Court in *Natwar Singh vs. Director of Enforcement (supra)* held that even **the principles of natural justice do not require supply of documents upon which no reliance has been placed by the authority to set the law in motion and further held that the concept of fairness is not a one way street and that the principles of natural justice are not intended to operate as a roadblock to obstruct statutory inquiries.** The Supreme Court held that the principles of natural justice do not supplant the law of land but supplements it and, therefore, duty of adequate disclosure was only an additional procedural safeguard in order to ensure attainment of fairness which has its own limitations.

..'

(emphasis supplied)

In view thereof, the contentions of the Noticees in this regard, are devoid of merit and hence not acceptable.

- 11.10. Noticees 1 to 11, 26, 30 and 33 to 35 also contended that Mindspright Legal had filed a reference with SEBI with respect to Settlement Scheme. It is very important for the Noticees to obtain SEBI's response to the same. Therefore, it will be proper to not decide this matter till the issue of settlement is decided. In case a decision in this regard has been taken the same may kindly be shared with us. In the event AO decides to proceed in any way in this matter the Settlement fee charged by SEBI in BSE Illiquid Option cases under SEBI Settlement Scheme, 2022 needs to be kept in mind. Further, the penalties levied have to be less than the Settlement fee as with penalty, stigma is attached whereas with settlement, stigma is not attached. Further, Noticees also contended that to consider the present offence to not be trivial/venial and technical as considered in case of BSE Illiquid Stock Options (ISO) cases would be wrong, as the allegations and the alleged nature of the trades in the instant matter is same as BSE Illiquid Stock Options cases. Noticees also submitted that the response of SEBI to RTI application of them also does not dispute this, and the only reason given in the RTI reply is that the matter pertains to a different investigation.

In this regard, I note that the aforesaid Noticees have made contrary submissions as part of their reply dated December 22, 2022 and another reply dated August 08, 2023 in so far as on one hand they have contended that it will be proper to not decide this matter till the issue of settlement is decided while on the other hand it has also inter alia been stated that they already received reply to their RTI whereby SEBI had inter alia replied stating that the matter pertained to a different investigation. Further in this regard, I also note that Noticees 1-11, 12-18, 24, 26, 30 and 33 to 35 had inter alia made representations relating to settlement /settlement scheme. In this regard, I note that the respective Noticees inter alia vide emails dated October 19, 2022, August 04, 2023, September 26, 2023, inter alia drawing attention to para 52 of the SCN, were specifically informed that for any aspects relating to Settlement /Settlement Scheme, they may approach the concerned Department of SEBI. I note that the submissions made by the Noticees itself demonstrate that the references filed by the Noticees with respect to seeking benefit of the Settlement Scheme were considered /dealt with by SEBI and reply was received by concerned Noticee, being part of Group 1.

Further in this regard, I note that the instant proceedings being adjudication proceedings to enquire into aforesaid alleged violations against the Noticees in the instant matter and the aspect of Settlement /Settlement Scheme are two distinct aspects with settlement related aspects being subject matter of dealing by SEBI. It is prerogative of the Board to inter alia decide about introducing a settlement scheme for any class of persons involved, as also brought out in the foregoing. In any case Noticees were at liberty to approach SEBI /concerned Department of SEBI in this regard which certain of the Noticees did including by way of filing RTI application and to which SEBI had responded, as is also evident from the submissions of the concerned Noticee. In view thereof, the contentions of the Noticees in this regard are devoid of merit and hence not acceptable.

11.11. Noticees 12 to 18, 24 and 31 contended that since no material documents or details about the alleged investigation or the investigation report itself have been provided, therefore it is presumed that no such data or documents exists.

In this regard, I note that aforesaid Noticees had been provided with relied upon documents considered relevant for the purpose of the allegations leveled against them in the instant matter as part of the SCN and annexures thereto.

As regards Investigation Report, I note that the copy of investigation report was provided to Noticees 12 to 18 and 31 along with hearing notice dated January 11, 2023 through both Speed Post Acknowledgment (SPAD) and email. However, while replying to said hearing notice on January 14, 2023, aforesaid Noticees again requested for copy of investigation report. During the hearing AR of the aforesaid Noticees again contended that they had not been provided with copy of investigation report and they also requested for opportunity of inspection of documents. Considering the same opportunity of inspection of documents was provided and their AR availed the said opportunity of inspection of documents on August 25, 2023.

As regards Noticee 24, I note that the submissions of the Noticee in this regard are contradictory in nature in so far as in the same letter dated August 30, 2023 while on one hand under Para 9(b) and 9(c), Noticee had inter alia contended that no material documents or details about the alleged investigation or the investigation report itself had been provided, on the other hand under Para 8 (e) and (f), Noticee 24 had inter alia stated that AR of the Noticee duly attended the opportunity of inspection of documents scheduled on August 25, 2023 and copy of investigation report had been inspected by AR and was provided with copies thereof. As regards the contention that '*... the SCN was totally silent and has not provided any material to show proof of any investigation which was carried out ...*' I note from the SCN that it had inter alia been stated under para 1 of the SCN itself that, '*... SEBI*

*has initiated Adjudication Proceedings against ..... pursuant to investigation in the matter of trading activities of certain entities ...'*

In view thereof, the contentions of Noticee's in this regard are devoid of merit and hence not acceptable.

- 11.12. Noticee 12 to 18 and 31 contended that a bare perusal of the SEBI Act indicates that it is not mandatory for the Adjudicating Officer to impose a penalty every time he comes to conclusion that any person /entity has failed to comply with the specified requirement under the Act and/or the Regulations. Even though Section 15HB of the SEBI Act contain the words "shall be liable to a penalty" there is no strict or mandatory obligation on the part of the defaulter to suffer such penalty. In this regard, reliance was placed on the following orders/ Judgments viz., Superintendent and Remembrancer Legal Affairs to Government of West Bengal vs. Abani Maity (1979) 4 SCC 85 ; and Hon'ble High Court of Bombay's Order in SEBI vs Cobot International Capital Corporation Limited 2004 51 SCL 307 (BOM).

In this regard, I note that Noticees have merely cited various judgement / orders. However, Noticees have not demonstrated with relevant details as to how these judgments / orders are applicable in the instant matter which will have a bearing on the alleged violations against Noticees. I also note that facts and circumstances of each case may be unique in nature and are accordingly dealt with and decided. I note that the judgement relied upon by the Noticees viz., Superintendent and Remembrancer Legal Affairs to Government of West Bengal vs. Abani Maity pertains to Bengal Excise Act, 1909, however, the instant matter is regarding violation of securities laws viz., PFUTP Regulations and Stock Brokers Regulations. Further, as regards SEBI vs Cobot International Capital Corporation Limited, I note that pursuant to the said order of Hon'ble High Court of Bombay, inter alia the aspect regarding imposition of penalty in Adjudication Proceedings was further dealt by Hon'ble Supreme Court in Chairman, SEBI vs Shri Ram

Mutual Fund [2006] 68 SCL 216(SC), wherein it was inter alia held by Hon'ble SC that:

‘...  
Therefore, the proceedings under Chapter VI A are neither criminal nor quasi criminal. The penalty leviable under this chapter or under these Sections, is penalty in cases of default or failure of statutory obligation or in other words breach of civil obligation  
...the breach of civil obligation which attracts penalty under the provisions of an Act would immediately attract the levy of penalty irrespective of the fact whether the contravention was made by the defaulter with any guilty intention or not...Hence, we are of the once the contravention is established, then the penalty has to follow and only the quantum of penalty is discretionary  
...’

In this regard, I also note that Securities Laws (Amendment) Act, 2014 inter alia prescribes a minimum and maximum penalties inter alia under Section 15HB of SEBI Act. The said amendment has come into effect from the September 08, 2014.

Here it would also be relevant to draw reference to Order of the Hon'ble SC in the matter of SEBI vs Sandip Ray & Ors. {C.A. Diary No (s) 791/ 2023} wherein it was inter alia held:

“  
...  
Learned counsel for appellant further submits that even review application filed to make a correction in the order and to justify that the order reducing the penalty below Rs. 1,00,000/- is not permissible under Section 15HB of the SEBI Act, 1992.  
  
After we have heard learned counsel for the appellant, it clearly manifests that the Tribunal has not taken into consideration the effect and mandate of Section 15HB of the SEBI Act, 1992.  
  
Taking into consideration the facts and circumstances of this case, there appears no justification in calling upon the respondent and we modify the order impugned dated 29.07.2022 and the penalty of Rs.75,000/- as inflicted upon noticee no. 5 (Mr. Sandip Ray) and noticee no.6 (Mr. Rajkumar Sharma), as referred to in para no. 13 of the order impugned, is modified and substituted to Rs.1,00,000/- in terms of Section 15HB of SEBI Act, 1992 and with this modification the present appeals stand disposed of.  
.....  
”

Accordingly, contentions of the Noticees in this regard are devoid of merit and hence not acceptable.

### **Issue No. I :**

- a) Whether Noticees 1 to 30 violated Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) of PFUTP Regulations?

- b) Whether Noticees 31 to 36 violated Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) of PFUTP Regulations and Clause A (1), (2), (3), (4) and (5) of Code of Conduct as specified in Schedule II under Regulation 9(f) of Stock Brokers Regulations?

12. In this regard, the following was inter alia observed and alleged in respect of the Noticees:

12.1. It was inter alia observed and alleged that the impugned trades by Group 1 entities viz., Noticee 1 to 11 with 30 were synchronized trades with such trades having been executed in illiquid contracts and squared off between the same set of entities after a gap of few trading days and that in all such trades Noticee 1 to 11 booked profit and Noticee 30 booked a loss. It was inter alia alleged that there was a predetermined arrangement to square off the trades and book profits and losses respectively. It was inter alia also alleged that Noticees 1 to 11 and 30 had entered into self-trades. It was inter alia alleged that Noticees 1 to 11 and Noticee 30 were not trading in the normal sense and ordinary course and that such trades were non genuine and fictitious.

12.2. It was inter alia observed and alleged that Group 2 entities viz., Noticee 12 to 18 had traded with Noticee 30 through synchronized trades. It was inter alia alleged that there was a predetermined arrangement to square off such trades in illiquid options and book profits and losses respectively. It was inter alia alleged that Noticee 12 to 18 and 30 were not trading in the normal sense and ordinary course and that such trades were non genuine and fictitious.

12.3. It was inter alia observed and alleged that Group 3 entities viz., Noticee 19 to 23 had traded with Noticee 30 through synchronized trades in illiquid options. It was inter alia alleged that there was a predetermined arrangement between Noticee 19 to 23 and Noticee 30 to square off the

trades after gap of few days and book profits and losses respectively. It was inter alia alleged that both trades (buy and sell) were synchronized trades. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 19 to 23 booked profit and Noticee 30 booked a loss. It was inter alia alleged that Noticee 19 to 23 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades were not genuine trades.

- 12.4. It was inter alia observed and alleged that Noticee 24 to 29 had traded with Noticee 30 through synchronized trades in illiquid options. Most of the trades were squared off after a gap of 2-3 trading days. All the trades were executed in illiquid contracts and squared off between the same set of entities and in almost all such contracts Noticee 30 booked loss and Noticee 24 to 29 booked profit. It was inter alia alleged that by the repeated square off in illiquid options and predetermined arrangement to book profits and losses respectively, Noticee 24 to 29 and Noticee 30 were not trading in the normal sense and ordinary course, and the trades were non genuine and fictitious.
- 12.5. It was inter alia observed and alleged that Noticee 30 had entered into non genuine trades with Noticees 1 to 29. Almost all the transactions between Noticees 1 to 29 and Noticee 30 were synchronized trades. The trades were squared off by them with each other. It was inter alia alleged that by squaring off in illiquid options and predetermined arrangement to book profits and losses respectively, Noticee 30 was not trading in the normal sense and ordinary course, thus the trades were not genuine trades. It was inter alia also alleged that Noticee 30 had entered into self-trades of NIFTY options for quantity more than 25% of the total traded value. It was alleged that the self-trades entered by Noticee 30 created misleading appearance of trading in illiquid NIFTY option contracts.

- 12.6. The entities inter alia involved in the impugned trades were directors of the Brokers viz. Noticees 31 to 36. It was inter alia alleged that the aforementioned brokers had colluded with the clients and knowingly executed the impugned non-genuine and fictitious trades. It was also alleged that the aforementioned brokers aided and facilitated the other Noticees in a deliberate attempt to manipulate the market for various purposes by using exchange trading platform. It was alleged that the aforementioned brokers had not carried out the necessary due diligence and compliance with statutory requirements while dealing with the client.

**In this regard, the Noticees also submitted their contentions on merit, which are dealt as under:**

13. Noticees 12 to 18 and 31 contended that the SCN observed synchronization of trades in stock options segment of NSE, however, since no documents in support of the aforesaid contention in the Notice has been provided they are constrained from making submission in regard to the same. They also contended that along with the SCN the details of only few trades of them have been provided and the data along with the SCN does not provide the details of trades of any other entity, which makes the allegations of the SCN baseless and therefore cannot be relied upon. Further, the extracts of trades provided along with the SCN are not legible and same cannot be relied upon.

In this regard, I note that at the time of hearing held on September 08, 2023, the Authorized Representative of Noticees 12 to 18 and 31 had requested to provide soft copy of relevant trade logs. Considering their request the soft copy of relevant trade logs had been provided to them vide email dated September 25, 2023, as also brought out in the foregoing. I note that the said trade logs contained relevant details with respect to impugned trades including order details i.e. time of sell and buy orders, trade time, price and quantity traded along



with counterparty details. Therefore, the contentions of the Noticee Noticees 12 to 18 and 31 in this regard are devoid of merit and hence not acceptable.

14. Noticees 12 to 18 and 31 also contended that the data supplied along with the SCN does not bring out the necessary circumstances under which the orders were placed by the Noticees or executing these trades. They also contended that it is imperative to show that parties carrying out the trades (alleged to be synchronized in nature) were connected to each other or at least shared a common objective of synchronizing their trades and there was collusion /meeting of minds between the two contracting parties. Synchronization is ipso facto not illegal. Further, it is almost impossible to know the identity of the parties in a screen-based transaction. They also relied upon certain judgments of Hon'ble SAT viz., Jagruti Securities Ltd vs. Securities Exchange Board of India; Vintel Securities Pvt. Ltd vs. SEBI.

In this regard, I note that the contention of the Noticees 12 to 18 and 31 as regards circumstances under which orders were placed and common objective is misplaced and /or out of context in so far that in the SCN it had inter alia been alleged that the Noticees of Group 2 had traded with Noticee 30 with a predetermined arrangement to square off the trades in illiquid options and book profits and losses respectively and that the Noticees of Group 2 and Noticee 30 were not trading in the normal sense and ordinary course, hence, the trades were not genuine trades. I also note that the said Noticee's had been provided with the relevant trade details, copy of the IR and relevant trade logs. Accordingly it was for Noticees 12 to 18 and 31 to demonstrate with details and documents to the contrary as to why they had entered in impugned trades alleged to have been entered into in a predetermined manner with Noticee 30 having booked loss and other Noticees including Noticee 12 to 18 having booked profit despite having traded in different types of contracts involving different expiry, different strikes, different type (viz., CE /PE) across the IP. As regards connection, I note that Noticee 12 to 18 were connected to each other and the details of which had been provided to them and they have neither denied

not disputed such connection. In view thereof, all the attending facts and circumstances have to be taken into consideration while ascertaining such alleged violations.

In this regard reliance is placed on judgment of Hon'ble Supreme Court in Civil Appeal No. 1969 of 2011 in the matter of SEBI vs Rakhi Trading Pvt Ltd., wherein Hon'ble Supreme Court inter alia drawing reference to following text of the Order of Hon'ble SAT in the matter of Ketan Parekh v. Securities and Exchange Board of India had inter alia observed and held:

*“ ... The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, and whether there is real change of beneficial ownership, 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. ... The repeated reversals and predetermined arrangement to book profits and losses respectively, made it clear that the parties were not trading in the normal sense and ordinary course. Resultantly, there has clearly been a restriction on the free and fair operation of market forces in the instant case. ....”*

In view thereof, the contention of the Noticees 12 to 18 and 31 in this regard are devoid of merit and hence not acceptable.

15. Noticees 12 to 18 and 31 also contended that they have traded in only few distinct options contracts during the IP and it can be observed that they squared off their positions mostly after one day, thus it is illogical to even consider such trades to be synchronized as the same is not possible unless there existed a relationship between the Noticee and counterparty and the SCN fails to manifest any such pre-existing relationship. Their trades have all the characteristics of being genuine trades and cannot be categorized as non-genuine trades. Further, the complete trade log and order log of all the trades in options during the examination period is imperative for the purpose of giving an appropriate reply/defense to the Noticee. The SCN also records that the contracts in which the Noticees dealt were illiquid. It is not disputed that liquidity in the contracts recorded in the SCN was low and spreads were bound to be wide so we were constrained to square off their trades at a price difference.

In this regard, firstly I note that the said Noticee's had been provided with the relevant trade details, copy of the IR and relevant trade logs. Further in this regard I note that the contention of the said Noticee's that they squared off their positions in Nifty options contracts mostly after one day and hence same cannot be considered as synchronized trades is misplaced in so far as squaring off and synchronized trades are two distinct aspects and instead the said submissions of the said Noticee's in this regard are in nature of admission in so far as it has inter alia been submitted that, '*... On perusal of the logs, it can be observed that the Noticee has squared off his position mostly after 01 day ...*'. As regards contention of the said Noticee's that spreads were bound to be wide so we were constrained to square off their trades at a price difference, in my view the same is not only conflicting but also buttresses the allegation that the trades were entered into with predetermined arrangement. The Noticees 12 to 18 were aware that the spreads would be wide and still entered into such trades. The plea that they were constrained to square off would not hold merit as generally speaking, the same would arise in unexpected situations and not when it was already known that such situations are to be bound to happen. Further, as regards contention that the trades were genuine, I note that the same are in the nature of mere statements and have not been supported with relevant details and documents, considering that the Noticees 12 to 18 had entered into multiple trades with Noticee 30 as pairs, as alleged, wherein Noticee 30 had booked loss and Noticee 12 to 18 had always booked profit by entering into trades and thereafter squaring off the same between the same pair of Noticees repeatedly all throughout the impugned trades involving different contracts, different option types (viz., CE /PE), involving diverse expiries.

In this regard, reliance is placed on Hon'ble Supreme Court judgment in the matter of SEBI v Kishore R Ajmera (AIR 2016 SC 1079) decided on February 23, 2016, wherein it was inter alia held 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...’.*

In this regard, reliance is also placed on Hon'ble Supreme Court judgment in the matter of SEBI vs Rakhi Trading wherein it was inter alia held:

‘...  
*In this case it was also held that in the absence of direct proof of meeting of minds elsewhere in synchronised 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 the provision of the Regulations is concerned. To quote:*

*“31. 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...”*

*We do not think that those illustrations are exhaustive. There can be several such situations, some of which we have discussed hereinabove.*

...’

*(emphasis supplied)*

16. Noticees 12 to 18 and 31 contended that in terms of SEBI Circular SMDRP/POLICY/CIR-32/99 dated September 14, 1999, there is no bar on executing the negotiated deals but once a negotiated deal is struck, SEBI obliges that the same be notified to the concerned Stock Exchanges. When a negotiated deal is entered into on the trading screen, there will be meeting of minds of both the Buyer and the Seller, who would simultaneously be aware of the fact that the transaction is being entered on the trading screen in terms of their agreement. Therefore, it necessarily implies that, both buyer and seller would simultaneously enter their sell and purchase transaction at the agreed price on the screen in order to conclude the transaction, this transaction would necessarily be a synchronized transaction and thus, SEBI itself permits synchronized trading.

In this regard, I note that contentions of Noticees 12 to 18 and 31 are misplaced and /or out of context in so far as the cited SEBI Circular on negotiated deals, in my view, would not have envisaged permitting the same for other than

bonafide and genuine deals and certainly not like those as alleged in the instant case viz., with predetermined arrangement of booking of loss by one amongst the thirty Noticee's and profit by other twenty nine Noticees, the manner of impugned trades inter alia involving entering into trades and thereafter squaring off the same repeatedly between the same pair of Noticees, across multiple pairs with Noticee 30 as one of the counterparty who would invariably book losses and Noticee 1 to 29 as the other counterparty all of which booked profits repeatedly all throughout the impugned trades involving different contracts, different option types (viz., CE /PE), diverse expiries, as alleged. Accordingly, the contention of the Noticees in this regard is devoid of merit and not acceptable.

17. Noticees 12 to 18 and 31 also contended that the said trades were carried out in the normal course of business devoid of any fraudulent intentions and in no way part of the alleged scheme which is carved out in the Notice. Without prejudice to the aforesaid, even if it is assumed for the sake of argument that they were involved with other persons/entities mentioned in the Notice in the alleged scheme of option trading, there is nothing fraudulent or illegal about the same. Assuming without admitting, they had created a misleading appearance of trading in the market, but the reaction that the market gave to such an act does not exist. No instances have been provided for any effect of the volume or price on the options. They also contended that the options in which trading was executed were illiquid and no trading was taking place in these options. This makes it clear that there was no public involvement in these options and hence, no harm could have been caused to any other market participants; thus, trading not impacting the investors has been thought as fraudulent, therefore, such finding not only defeats the purpose of PFUTP Regulations but also the SEBI Act.

I note that the contention of the said Noticee's in this regard are devoid of merit in so far as Noticee's have inter alia submitted that, '*... no trading was taking place in these options ...*' In my view, any genuine person, generally speaking, would

avoid /not enter into trades, where no trading was taking place. Instead the said submissions buttresses that such a scenario would rather had been a good platform to carry out the alleged scheme viz., arrangement of entering into trades in pairs and thereafter squaring off the same between the respective pairs within few days, as alleged in the instant case.

In this regard, reliance is placed on Hon'ble Supreme Court's judgment in the matter of SEBI vs. Rakhi Trading and other connected Civil Appeals, wherein it was inter alia held that:

*'...In the instant case, one party booked gains and the other party booked a loss. Nobody intentionally trades for loss. An intentional trading for loss per se, is not a genuine dealing 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 books loss and that too in preplanned and rapid reverse trades, it is not genuine; it is an unfair trade practice. Securities market, as the 1956 Act provides in the preamble, does not permit "undesirable transactions in securities". The Act intends to prevent undesirable transactions in securities by regulating the business of dealing therein. Undesirable transactions would certainly include unfair practices in trade. The SEBI Act, 1992 was enacted to protect the interest of the investors in securities. Protection of interest of investors should necessarily include prevention of misuse of the market. Orchestrated trades are a misuse of the market mechanism. It is playing the market and it affects the market integrity ... ' and that, ' ... the repeated reversals and predetermined arrangement to book profits and losses respectively, made it clear that the parties were not trading in the normal sense and ordinary course. Resultantly, there has clearly been a restriction on the free and fair operation of market forces in the instant case ...'.*

In view thereof, the contentions of the Noticees 12 to 18 and 31 are devoid of merit and hence not acceptable.

18. Noticee 12 to 18 contended that the SCN alleges that non-genuine trades by the Noticees were executed in such a manner that Noticees booked Positive square off and the counterparty booked negative square off, in this regard they submitted that the pricing of an option depends on various factors which are taken into consideration by the option writer. The pricing of option is determined by the parties to the contract considering host of factors like value of the underlying index, movement of the market, the no. of trades in other options, the volatility index prevailing etc. Since none of these details have been provided in the Notice, it is impossible for the Noticees to explain as to why they had dealt in a particular option at a particular price at a particular time.

In this regard I note that the impugned trades were entered into by the Noticees 12 to 18 and accordingly it was for them to demonstrate along with complete and relevant details / documents that their impugned trades involving entering into and thereafter squaring off the trades within few days were genuine /bonafide and not non-genuine as alleged viz., entering into trades and thereafter squaring off the same repeatedly between the same pair of Noticees, across multiple pairs with Noticee 12 to 18 as one of the counterparty booking profits and Noticee 30 as the other counterparty booking losses repeatedly all throughout the impugned trades with different contracts, different option types (viz., CE /PE), involving diverse expiries, as alleged, which Noticee's have failed to do. I also note that the submissions of the Noticee 12 to 18 in this regard are conflicting in nature in so far as on one hand it had been contended that pricing of options is determined by the parties to the contract and on the other hand Noticees had contended that none of the details w.r.t pricing of options had been provided. Accordingly, the contention of the Noticees 12 to 18 and Noticee 31 are devoid of merit and hence not acceptable.

19. Noticee 12 to 18 contended that it is not clear how the Notice classifies the trading to be fraudulent since, the Notice does not spell out the basic ingredients to prove that the trading executed by the Noticees was a fraud. On majority of occasions the orders were placed on the basis of counter orders available in the system. It is not the case of SEBI that they had entered orders in variation to the best available counter orders in the system. It is an ironical situation created by the regulator wherein if a person enters orders in great variance to price available in the system, he is charged with attempting to manipulate prices and a person who is entering the orders on the basis of best counter orders available in the system is charged with fictitious and manipulative trading. It may be noted that if the Noticee was involved in synchronized trading, then all the orders placed by it would have been executed. However, it is not the case and the failure on part of SEBI to provide a complete order log shows that SEBI is not willing to examine the trading done by the Noticee in a holistic manner. They

also relied upon judgment of Hon'ble Supreme Court in the matter of SEBI vs. Rakhi Trading Private Ltd., in Civil appeals no., 1969 of 2011 with Civil Appeal Nos., 3174 - 3177 of 2011 and Civil Appeal No.3180 of 2011 decided on February 8, 2018.

In this regard, as regards the contention of the Noticee relating to trades /trading viz., aspect of fraud /fraudulent, the same being related to alleged trades would be addressed in the ensuing paragraphs while dealing with the alleged impugned trades. As regards the contention that, on majority of occasions the orders were placed on the basis of counter orders available in the system, firstly I note that the same is misplaced as evident from the analysis of the trade details as on majority of the occasion said Noticee 12 to 18 as one of the counterparty between the pairs of Noticee 1 to 29 and Noticee 30, had entered the order first followed by Noticee 30 placing its orders. In any case, the subject matter of the instant case is inter alia about Noticees having entered into a predetermined arrangement to square off the trades in illiquid NIFTY option contracts and book profits/ losses, thus not trading in the normal sense and ordinary course and hence the trades were non-genuine trades and not just about as contended by the Noticees 12 to 18. As regards, the contention of the Noticees 12 to 18 inter alia about ironical situation created by the regulator, the same is misplaced and /or obfuscating in nature in so far as in my view each matter may be unique in its facts and circumstances based on which the violations are ascertained. This apart, like any case, such allegations involving trading in a distinct manner, as alleged in the instant matter are to be adjudged inter alia having regard to totality of the facts and circumstances and material available on record etc. and not just basis one aspect alone. Accordingly, the contentions of the Noticees 12 to 18 in this regard are devoid of merit and hence not acceptable.

20. Noticees 19, 21, 22 and 23 contended that they were members of one family and as head of family Mr. Manilal Gada used to take investment decisions and he passed on October 13, 2020. They executed only 1 transaction each, which was in the nature of alleged pre-determined arrangement. If the Noticees



wanted to get into pre-determined arrangement then it would not be done only for 1 transaction.

In this regard, I note from material available on record that Noticees 19, 21, 22 and 23 were admittedly connected to each other as family members and were part of Group 3 and were also connected to Noticee 20 (Noticee 20 had common email id with Noticee 21 i.e. sy\*\*\*\*\*mo\*\*\*\*\*ol@gmail.com ; Noticee 20 being director of Synergy Moneycontrol Pvt Ltd; having fund transactions with Noticee 21 and Noticee 23). In this regard, I also note that the contentions of the Noticees 19, 21, 22 and 23 are conflicting and /or contradictory in nature in so far as on one hand it has been contended that it could not have been a predetermined arrangement as they executed 1 transaction each while on the other hand it has also inter alia been submitted that all the trades were done having regards to investment decisions by head of the family, considering that multiple Noticees were involved here, this by itself would insinuate to more than just one trade viz., all trades across Noticees 19, 21, 22 and 23 and not just one trade by one of the Noticee as contended. Further, in my view, at times, value involved too, may be an important factor to be considered and not just the number of trades itself. In the instant matter, as noted from material available on record, the impugned trades by Noticees 19 to 23 amounted to Rs.6.12 crores, which has neither been denied nor disputed by them. In view thereof, the contentions of Noticees 19, 21, 22 and 23 are devoid of merit and hence not acceptable.

21. Noticees 19, 21, 22 and 23 contended that the transactions were not in the nature of synchronized and reversal trades. In the order of the Hon'ble WTM of SEBI bearing no. WTM/MPB/IVD-ID8/161/2018 dated April 5, 2018, the trades carried out and reverse on the same day were treated to be manipulative for similar allegations for trades in BSE stock options. In the current case the Noticees bought the contracts on their respective trade day and sold the same after a few days.

In this regard, I am of the view that facts and circumstances of each matter may be unique in nature and are accordingly dealt with and decided inter alia having regard to totality of the facts and circumstances and material available on record. Accordingly, any generic parallel drawn would be devoid of merit. Further in this regard, I note that it had inter alia been alleged in the SCN that Group 3 entities viz., Noticee 19 to 23 had traded with Noticee 30 through synchronized trades in illiquid Nifty Option contracts and that there was a predetermined arrangement to square off the trades after gap of few days between the same set of entities with Noticee 30 booking loss and Noticee 19 to 23 booking profit. In view thereof, the contentions of the Noticees 19, 21, 22 and 23 in this regard, are devoid of merit and hence not acceptable.

22. Noticees 19, 21, 22 and 23 contended that both legs of trades matched with one M/S Nirshilp Securities Pvt. Ltd. and the Noticees are no way connected to that entity or any of the directors thereof. This came to be known only through SEBI and till that time the Noticees were oblivious of this fact. This goes on to substantiate that the trades were merely a co-incidence and nothing beyond.

In this regard in my view that in all the impugned trades by said Noticee's in both the legs viz., first leg being initial leg and the 2<sup>nd</sup> leg being square off leg, the counter party was Noticee 30 only, as was alleged in this regard, may not just be a mere coincidence, particularly considering that the said Noticee's were connected and part of Group 3. In view thereof, the contentions of the Noticees 19, 21, 22 and 23 in this regard, are devoid of merit and hence not acceptable.

23. Noticees 19, 21, 22 and 23 contended that during the period of trading there was high volatility in Nifty, which moved from low of 6395.30 on March 06, 2014 to high on March 18, 2014 to 6647.5 which means that there was a movement of 252.2 points and price difference is much less than the movement in the underlying. The movement in index during relevant period can easily result in change in price of options and therefore no fault can be found with the Noticees' transactions. Likewise in another contract the Index increased and

price the option contract also increased during relevant time. In this regard, Noticee 20 also contended that Nifty closed at 6297.95 on March 4, 2014, he bought Nifty 5450 Calls at Rs. 874.25. The intrinsic value of the contract itself was Rs. 847.45 and the balance was time value, he squared off the transaction on March 6, 2014 and the Nifty on that day closed at 6401.15. Because of the rise in Nifty, the intrinsic value of the contract increased to Rs. 951.15 and the Noticee's trade has taken place at 1011.35 suggesting that price movement in the options contract was in line with the movement of the underlying. A 103 points movement in index can easily result in change in options price by Rs. 137 and therefore no fault can be found with the transaction.

In this regard firstly I note that the submissions of the Noticee are incomprehensible in so far as it has inter alia been submitted that, ' ... *movement in index during relevant period can easily result in change in options price and therefore no fault can be found with the Noticee's transactions ...* '. Further in this regard I note that the subject matter of instant proceeding and alleged violation by the said Noticee's inter alia pertain to Noticees having allegedly traded in a predetermined manner to square off the trades after gap of few days between the same set of entities as different pairs i.e. Noticees 1 to 29 including Group 3 Noticees as one of the pairs and Noticee 30 as the common counterparty across all the pairs, with Noticee 30 having booked loss and Noticee 1-29 having booked profit all throughout the impugned trades involving different contracts, different option types, involving diverse expiry and different strikes. I note that the said Noticee's have not demonstrated with relevant details and documents as to how such a coincidence could have occurred. Accordingly the contentions of the Noticees 19 to 23 in this regard are devoid of merit and hence not acceptable.

24. Noticees 19, 21, 22 and 23 contended that alleged trades were wrongly categorized as non-genuine. The alleged trades have all traits of being genuine and therefore cannot be categorized as non-genuine. These trades were executed on the anonymous platform of the Exchange, without any knowledge

of counter party, at price ranges that were permitted by the Exchange and SEBI and the obligations arising out of it have been settled through the clearing mechanism of the Exchange.

In this regard in my view the contention of the said Noticee's is devoid of merit as generally speaking if the said contention was to hold good, there would not arise any cause for even investigation of matters involving suspected and /or alleged trading ever least to speak of any instance of alleged violation of non-genuine trades as in every trade involving cases of non-genuine trades, so far would have had trades been extended on the platform of a stock exchange itself. As already brought out earlier, the subject matter of instant proceedings and alleged violation by the said Noticee's inter alia pertain to Noticees having allegedly traded in a predetermined manner to square off the trades after gap of few days between the same set of entities with Noticee 30 having booked loss and Noticee 1-29 having booked profit all throughout the impugned trades involving different contracts, different option types, involving diverse expiry and different strikes. Accordingly the contentions of the Noticees 19, 21, 22 and 23 in this regard are devoid of merit and hence not acceptable.

25. Noticees 19, 21, 22 and 23 contended that SEBI should have taken action against the stock exchange and as SEBI has not taken any action against stock exchange till date, it is clear that trades executed on the stock exchanges should also not be termed as non-genuine or fraudulent. SEBI cannot take action on the investors without taking any action on the Exchange, which allowed such non-genuine transactions to take place on its platform.

In this regard, in my view, the contentions of Noticees 19, 21, 22 and 23 are out of context in so far as the subject matter of instant proceedings are in respect of the Noticees and not Stock Exchange. Further, initiation of adjudication proceedings under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case. In view thereof, the contention of

the Noticees 19, 21, 22 and 23 in this regard are devoid of merit and hence not acceptable.

26. Noticees 19, 21, 22 and 23 contended that while alleging that the trades were reversed at significant price difference, it has only compared the value of premium of the contracts. However in case of options contract the notional value i.e. the value of Strike Price plus the premium is to be considered. The Noticee submits that when price difference is compared with the notional value its change is extremely insignificant and absolutely normal and similar changes are observed in multiple contracts on the Exchanges including the ones having higher volumes than the alleged contracts of the Noticee. Therefore the allegation that there was a significant price difference is incorrect and untenable.

In this regard, I note that the contentions of the Noticees 19, 21, 22 and 23 are misplaced in so far as the allegation inter alia pertains to Noticees including Noticees 19, 21, 22 and 23 having entered into synchronized trades with Noticee 30 in a predetermined manner to square off the trades after gap of few days between the same set of entities with Noticee 30 having booked loss and Noticee 1-29 having booked profit all throughout the impugned trades involving different contracts, different option types, involving diverse expiry and different strikes. In view thereof, the contentions of the Noticees 19, 21, 22 and 23 are devoid of merit and hence not acceptable.

27. Noticees 19, 21, 22 and 23 contended that from the clauses recorded in the RDD issued by SEBI it can be construed that SEBI was aware of the possible (significant as per SCN but not actually significant) price difference and losses / profits due to lower liquidity and wider spreads. The SCN itself records that the contracts in which the Noticees dealt were illiquid and therefore the spreads were bound to be wide resulting in so called significant price difference in view of SEBI, which is also appreciated by the RDD issued by SEBI. However this knowledge has been ignored while issuing the SCN and the SCN wrongly goes on to allege that these trades are non-genuine. Such a conclusion is absolutely

untenable in light of the fact that SEBI itself recognizes that significant price difference may occur in contracts with lower liquidity and wider spreads.

In this regard, as regards contention relating to RDD, in my view, the contents of RRD and allegation in the instant matter are two distinct aspects in so far RRD inter alia pertains documents detailing inter alia about risks involved in trading which one must be aware of while allegation in the instant matter pertains to alleged misconduct by the Noticees. Further as regards contention relating to price difference, I note that the contention of the said Noticee's is out of context in so far as the allegation in the instant matters qua Noticees is inter alia about the manner in which the Noticees had traded viz., Noticees having allegedly traded in a predetermined manner to square off the trades after gap of few days between the same set of entities, with Noticee 30 having booked loss repeatedly and Noticee 1-29 having booked profit all throughout the impugned trades involving different contracts, different option types, diverse expiry and different strikes and not about price difference, as contented. In view thereof, the contentions of Noticees 19, 21, 22 and 23 in this regard are devoid of merit and hence not acceptable.

28. Noticees 19, 21, 22 and 23 had contended that in the instant case each of the Noticees are alleged to have executed only one trade and therefore a similar treatment as in order of the Hon'ble SAT in the matter of Appeal No. 276 of 2020 (Dhvani Darshan Kothari v/s SEBI) needs to be given and like she was exonerated of her charges, the Noticee also deserves the same treatment.

In this regard, I am of the view that facts and circumstances of each matter are unique in nature and are accordingly dealt with and decided. I note that the Noticee has not demonstrated as to how the cited order has a bearing in the instant proceedings. Hence, any generic parallel drawn would be devoid of merit. This apart, as regards the Noticees having cited order in the matter of Dhvani Darshan Kothari v/s SEBI, in my view, the cited matter and instant matter are distinguishable based on the facts and circumstances as applicable

viz., to cite a few as example, there was a contradiction in the finding given by two AOs who dealt with the case and Hon'ble SAT held that the same was sufficient to set aside the findings given in the impugned order without dwelling on the merits of the case. I note that the case was disposed by different AOs for different Noticees of the same group on the same trading pattern wherein the appellants were penalized by one AO while other entities were discharged without any penalties by other AO; the connection in the cited order was drawn only on basis common mobile number, however in the instant case the connection was drawn inter alia on the basis of email id, mobile number, bank transactions and transfer of funds and Noticee 19, 21, 22, and 23 being part of Group 3 were family members; the cited order related to synchronized trades and circular trading however the instant matter inter alia relates to synchronized trades and squaring off trades with a predetermined arrangement to book profit and loss by respective Noticees as stated in the foregoing. In view thereof, the contentions of Noticees 19, 21, 22 and 23 in this regard are devoid of merit and hence not acceptable.

29. Noticees 19, 21, 22 and 23 had contended that the SCN does not provide an iota of evidence as to how the Noticees was related or connected to the counter party. Without the theory of collusion or meeting of minds between the two parties being established, the allegations in the SCN do not hold good. Further there is no reason for unknown people to deliberately allow profits or losses to one another without being related. It is also not a case in the SCN that other investors have got carried away or have been misled due to the trades carried out by the Noticees. Noticees relied upon various judgments of Hon'ble SAT viz., Jagruti Securities Ltd vs. Securities Exchange Board of India; HB Stockholdings Limited vs SEBI and RK. Global vs. SEBI.

In this regard, I am of the view that each case may be unique in its own facts and circumstances and accordingly, all the factors and attending circumstances have to be taken into consideration to ascertain violation of alleged provisions based on preponderance of probabilities. Further, the cases cited above are

distinguishable from the instant matter in so far as in Jagruti Securities Ltd vs. Securities Exchange Board of India, the Noticee was charged in the capacity of a broker who had executed trades on behalf of its clients whereas in the instant case the Noticees 19, 21 to 23 are client themselves, further the cited case inter alia related to trading in small quantities at higher than Last traded price; in HB Stockholdings Limited vs SEBI, the Noticees in that case were exonerated by SEBI in its order with respect to the main charge being of price manipulation through synchronized trades and; in RK. Global vs. SEBI the allegation related to trades having been executed with a view to maintain the price at a desired level to attract investors at the price on which preferential allotment were sought to be made, whereas instant case inter alia is related to Noticees including Noticee 19, 21 to 23 having entered into synchronized trades with Noticee 30 as counterparty and entered into predetermined arrangement to book profit and loss by respective Noticees all throughout the impugned trades involving different contracts, different option types (viz., CE /PE), diverse expiries, as alleged.

Further, I am of the view that it cannot be a mere coincidence that all the Noticees of Group 3, being connected to each other inter alia as family members except Noticee 20, and also being connected based on common mobile number, email ids and bank transactions among each other, entered into trades with same counter party i.e. Noticee 30 and in same manner/pattern as was otherwise applicable in respect of trades between Noticee 30 and other Noticees 1 to 29, as pairs.

In this regard reliance is placed on judgment of Hon'ble Supreme Court in Civil Appeal No. 1969 of 2011 in the matter of SEBI vs Rakhi Trading Pvt Ltd., wherein Hon'ble Supreme Court inter alia drawing reference to following text of the Order of Hon'ble SAT in the matter of Ketan Parekh v. Securities and Exchange Board of India observed and held that:

*“ ... The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, and whether there is real change of beneficial ownership, 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. ...The repeated reversals and predetermined arrangement to book profits and losses respectively, made it clear that the parties were not trading in the normal sense and ordinary course. Resultantly, there has clearly been a restriction on the free and fair operation of market forces in the instant case. ....*

In view thereof, the contention of the Noticees 19, 21, 22 and 23 in this regard are devoid of merit and hence not acceptable.

30. Noticee 27 contended that it had executed 38,151 trades in index options contracts of Nifty and Future Nifty Index. By executing 38,151 trades, a total volume of 65, 91,825 units had been generated, however, allegation has been made against 44 trades only which generated a volume of 1, 09,750 units. Thus, the remaining trades of the Noticee are undisputed. Contribution of the Noticee's alleged trades and volume in compare to the Noticee's total volume and trades is not significant and therefore cannot affect the market equilibrium. In the trade logs data provided, the Noticee finds details of 30 Nifty Options Contracts only and not 51 Nifty Options Contracts as stated in the SCN.

In this regard, I note that the alleged violation in the instant proceedings in respect of the Noticee 27 is relating to the trades in Nifty options contracts with Noticee 30 and thus the contention of the Noticee that remaining trades are not undisputed, in my view, is out of scope of as the such trades aren't subject matter of the instant proceedings. Further, it was for Noticee 27 to satisfactorily demonstrate along with relevant details and documents that its impugned trades with Noticee 30 were genuine and in the normal course of trading. Further as regards trades in futures contract of Nifty, the same was not subject matter of the instant proceedings against Noticee 27. Accordingly, comparing the volume of trades by taking into account its trading volume in Nifty Futures contracts with Nifty Options contracts is out of context. Further, on perusal of trade log provided to Noticee 27, I find that the trading details in respect of not just 30, as contended but all the 51 Nifty options (29 call options and 22 put options contracts in 7 expiries each) had been provided to it. In view thereof, the

contentions of the Noticee 27 in this regard are devoid of merit and hence not acceptable.

31. Noticee 27 contended that its substantial buy/sell orders matched with sell / buy orders of SMC Global Securities Ltd. Thus, matching of Noticee's buy / sell orders with Noticee 30's sell / buy orders was just a coincidence and there was no meeting of mind or collective will behind matching of the orders with Noticee 30. Noticee 27 further contended that out of total 56 trades matched with Noticee 30, allegation has been made against 44 trades only. The matching of trades with Noticee 30 was mere coincidence and there was no meeting of mind behind execution of the said matched alleged trades. As there was time difference of up to 3 hours in between the orders placed by the Noticee and Noticee 30 and further the trades of the Noticee had been matched with thousands of entities. Further, no allegation of reversal trade with Noticee 30 had been made against the Noticee.

In this regard, firstly, I note that in 10 out of 51 Nifty Options contracts, Noticee 27 entered into trades with Noticee 30 wherein Noticee 27 was booking profit in all the 10 such Contracts and Noticee 30 was booking loss. I also note from the Investigation Report in this regard, that no such pattern was observed in other trades of Noticee 27 with other entities than Noticee 30. As regards contention of Noticee 27 that trades of Noticee matched with other entities as well, I note that Noticee 27 has not demonstrated with relevant details and documents that the trades of Noticee 27 with other entities, as contended, was involving similar pattern as that with Noticee 30.

Secondly, I note that the contentions of the Noticee are factually inconsistent with the material available on record in so far as I note that in 43 out of the 44 trades, the time difference between buy and sell orders were within one minute ranging from 5 to 36 seconds and in one trade the time difference was of two minutes and 16 seconds. In view thereof, the contention of the Noticee in this regard, is devoid of merit and hence cannot be acceptable.

32. Noticee 27 contended that findings recorded in the investigation report were based on pick and choose data and all trades of the Noticee had not been considered. It is merely stated that other trades of the Noticee, no adverse pattern is found. However, it failed to analyze all the trades of the Noticee and further failed to appreciate that the Noticee had substantial trading volume in index options contracts of Nifty and Future Nifty Index.

In this regard, while alleging that all the trades of the Noticee had not been considered, I note that the Noticee had not demonstrated the rationale with respect to alleging so. It is upon Noticee to demonstrate the same considering that relevant details regarding the alleged violations had already been provided to the Noticee. In view thereof, the contentions of the Noticee 27 in this regard, are devoid of merit and hence not acceptable.

33. Noticee 27 contended while placing reliance on the Order dated August 31, 2023 passed by Hon'ble SAT in the matter of Kajalben Kiranbhai Trivedi v/s SEBI (Appeal No. 702/2023) wherein the amount of penalty has been reduced from Rs.5, 00,000 to Rs.1, 00,000, the alleged trades executed by Kajalben Kiranbhai Trivedi were executed post amendment in the Section 15HA of the SEBI Act. (Trades executed after September 08, 2014). Thus, in case the Noticee is found guilty of violation of SEBI Act and SEBI PFUTP Regulations, AO has discretion to impose lesser penalty than Rs.5, 00,000.

In this regard, I am of the view that facts and circumstances of each case may be unique in nature and are accordingly dealt with and decided. The instant case is distinguishable from the cited Order in so far as instant case pertains to allegation regarding synchronized trades and squaring off of trades with a predetermined arrangement to book profit and loss between the Noticees while the cited Order deals with case inter alia involving placing small orders at higher than LTP. In this regard, it is noted that the penalty was reduced by Hon'ble SAT inter alia for reasons relating to order having also been placed at par with

LTP and below LTP, however, the Noticee had not demonstrated with relevant details as to how the same would be applicable in the instant case.

As regards penalty, I also note that Securities Laws (Amendment) Act, 2014 prescribes a minimum penalty inter alia under Section 15HB of SEBI Act. The said amendment has come into effect from the September 08, 2014. In furtherance to this, reliance is also placed on Order dated February 13, 2023 of the Hon'ble SC in the matter of SEBI vs Sandip Ray & Ors. {C.A. Diary No (s) 791/ 2023} wherein it was inter alia held:

“

...

*Learned counsel for appellant further submits that even review application filed to make a correction in the order and to justify that the order reducing the penalty below Rs. 1,00,000/- is not permissible under Section 15HB of the SEBI Act, 1992.*

*After we have heard learned counsel for the appellant, it clearly manifests that the Tribunal has not taken into consideration the effect and mandate of Section 15HB of the SEBI Act, 1992.*

*Taking into consideration the facts and circumstances of this case, there appears no justification in calling upon the respondent and we modify the order impugned dated 29.07.2022 and the penalty of Rs.75,000/- as inflicted upon noticee no. 5 (Mr. Sandip Ray) and noticee no.6 (Mr. Rajkumar Sharma), as referred to in para no. 13 of the order impugned, is modified and substituted to Rs.1,00,000/- in terms of Section 15HB of SEBI Act, 1992 and with this modification the present appeals stand disposed of.*

.....

”

In view thereof, the contentions of Noticee 27 in this regard are devoid of merit and hence not acceptable.

34. Noticee 27 contended that quantum of the alleged synchronized trades in the case of the Noticee are too miniscule to influence the market equilibrium or affect the volume of trades. The quantum of trades was insignificant to come to any conclusion of synchronized trades. Synchronized trades per se are not illegal. It is only when synchronized trades were executed with a view to manipulate price the scrip that the provision of the PFUTP Regulations get attracted. In the instant case, there is no allegation of price manipulation against the Noticee. Noticee relied upon Hon'ble SAT's Orders dated 19-01-2021 in the matter of Vasudev R Kamat v/s SEBI (Appeal No. 287/2020) and Order dated 10-10-2013 in the matter of Kapil Chatrabhuj Bhuptani v/s SEBI (Appeal No. 95/2013).

In this regard, I note that in the instant matter, the allegations in respect of Noticee 27 are not limited to synchronized trades but also about squaring off the trades in a predetermined manner after gap of few days between the same set of entities with Noticee 30 having booked loss and Noticee 1-29 including Noticee 27 having booked profit all throughout the impugned trades involving different contracts, different option types, involving diverse expiry and different strikes. Therefore, it is not the case of mere allegation of synchronized trades. Hon'ble SAT order in Kapil Chatrabhuj Bhuptani v/s SEBI, as cited by Noticee 27, itself had inter alia observed and held about synchronized trades that '*...It is objectionable only if it is illegitimate and is the outcome of a mischievous meeting of minds among certain parties which may with or without an element of mens rea as such...*'

In this regard, I am of the view that all the attending circumstances have to be taken into consideration when ascertaining such violations. In this regard, reliance is placed on Hon'ble SAT Order in the matter of Ketan Parekh v. Securities and Exchange Board of India observed and held that:

*' ... The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, and whether there is real change of beneficial ownership, 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. ...The repeated reversals and predetermined arrangement to book profits and losses respectively, made it clear that the parties were not trading in the normal sense and ordinary course. Resultantly, there has clearly been a restriction on the free and fair operation of market forces in the instant case. . '*

Further, as regards cited Order of Hon'ble SAT in Vasudev R Kamat v/s SEBI, it is noted that the same is distinguishable from the facts and circumstances of the instant case in so far as cited case is only about synchronized trades wherein only one trade was synchronized whereas in the instant matter, the Noticee 27 is alleged to have entered into 43 synchronized trades in a predetermined manner to square off the trades after gap of few days between the same set of entities, with Noticee 30 having booked loss and Noticee 27 having booked profit all throughout the impugned trades involving different

contracts, different option types, diverse expiry and different strikes. In view thereof, the contentions of the Noticee 27 in this regard are devoid of merit and hence not acceptable.

35. Noticee 27 contended that SEBI has failed to provide any evidence to prove that there was a misleading appearance created in the market by the trades executed by the Noticee. Further, trades were executed on anonymous screen-based trading platform provided by NSE and Noticee has not received any warning or caution letter from NSE for any of the trades executed by the Noticee in its option being non-genuine trades as alleged.

As regards evidence, I note that Noticee 27 was provided with all the relevant documents as relied upon in the instant matter with respect to alleged violation in respect of Noticee 27 viz. annexures to the SCN, copy of trade logs of its trades during the relevant period and copy of relied upon Investigation Report. Thereafter, Noticee 27 also availed the opportunity of inspection of documents. Further, as regards contention relating to non-receipt of any caution letter from NSE, I note that instant proceedings emanate out of action initiated by SEBI and therefore, the contention of the Noticee in this regard is out of context. In view thereof, the contentions of the Noticee 27 in this regard are devoid of merit and hence not acceptable.

**I now proceed to deal with the matter on merit as regards alleged violations in respect of the Noticees as per the SCN.**

36. I note from material available on record that, broadly speaking, the alleged violations in respect of Noticee's 1-30 as clients involved predetermined arrangement to square off the trades and book profit /losses whereby one of the Noticee amongst 30 Noticees as client, booked losses repeatedly while trading with other Noticees as pairs across different contract types (CE/ PE), different strike prices, different expiries thus creating non genuine trades, with certain

Notices being part of Groups and Noticee 30 being counterparty to Noticee 1-29 in the impugned trades; and Group 1 entities having also created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades; and Noticee's 31 to 36 as brokers having allegedly colluded with clients to execute the said predetermined trades. The alleged violations are being dealt with accordingly, as hereunder:

**Alleged violation in respect of Noticee 1 to 30 regarding involvement in predetermined arrangement to square off the trades and book profits/losses, thus creating non genuine trades; and in respect of Noticee 1 to 11 and 30 regarding creating misleading appearance of trading in illiquid NIFTY option contracts through self- trades:**

37. I note from material available on record that it was inter alia observed and alleged that Noticees 1 to 30 had traded with each other in 691 contracts during January 2014 to January 2015 i.e. during the Investigation Period (IP). Out of the 691 contracts there were 643 contracts, wherein only Noticees 1 to 30 had traded with each other. Basis connection between the Noticees, three groups were identified among the Noticees 1 to 23 viz., Group 1 (Noticees 1 to 11 and 30), Group 2 (Noticees 12 to 18) and Group 3 (Noticees 19 to 23). It was alleged that Noticee 30 along with Noticees 1 to 29 articulated their trading strategy in a way that Noticee 30 always booked loss and others always booked profit by squaring off their trades and that most of the trades between Noticee 1 to 29 with Noticee 30 were synchronized trades. Further, Group 1 Noticees also entered into self-trades thereby creating misleading appearance of trading in Nifty options contracts.
38. In this regard, I note from the material available on record that Noticee 30 was common counterparty in the impugned trades across all the Noticees 1 to 29 and had booked loss of Rs. 89.04cr (i.e. Rs. 89,04,16,148/-) across the impugned trades and Noticee 1 to 29, as counter parties, booked profit thereby.

Considering that Noticee 30 was common across all the trades, it would be pertinent to firstly deal with Noticee 30's impugned trades followed by analysis of impugned trades of remaining Noticees 1 to 29. In this regard, I note that similar pattern of trades was observed as regards the trades between each pair of Noticee 30 on one side and Noticee 1 to 29, on the other side, accordingly, for brevity, trades of Noticee 30 with Noticee 1 to 5, as pairs, are being illustrated hereunder as examples and the trades between Noticee 1 to 29 and Noticee 30, as pairs, are also dealt with in subsequent paragraphs:

### 38.1. Trades between Noticee 30 and Noticee 1:

Trade date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
12/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:34:49	14:34:53	14:34:53	1473.65	1473.65	1473.65	9250	9500	9250	5050	CE	24/04/2014	NIFTY	00:00:04
14/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:20:16	11:20:13	11:20:16	1546.35	1546.35	1546.35	5050	5050	5500	5050	CE	24/04/2014	NIFTY	00:00:03
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:23:26	10:23:23	10:23:26	1641.25	1641.25	1641.25	4200	4200	4500	5050	CE	24/04/2014	NIFTY	00:00:03
19/02/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:33:53	11:33:59	11:33:59	674.45	674.45	674.45	7750	8000	7750	6950	PE	24/04/2014	NIFTY	00:00:06
21/02/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:45:26	10:45:20	10:45:26	770.95	770.95	770.95	7750	7750	8000	6950	PE	24/04/2014	NIFTY	00:00:06
05/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:19:47	12:19:54	12:19:54	550.85	550.85	550.85	8850	9000	8850	6950	PE	24/04/2014	NIFTY	00:00:07
11/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:24:07	10:23:58	10:24:07	470.15	470.15	470.15	8850	8850	9000	6950	PE	24/04/2014	NIFTY	00:00:09
10/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:19:47	14:19:52	14:19:52	1085.25	1085.25	1085.25	9050	9500	9050	7750	PE	24/04/2014	NIFTY	00:00:05
12/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:34:40	11:34:36	11:34:40	1199.75	1199.75	1199.75	9050	9050	9100	7750	PE	24/04/2014	NIFTY	00:00:04
14/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:23:51	14:23:54	14:23:54	1355.65	1355.65	1355.65	7750	8000	7750	5150	CE	29/05/2014	NIFTY	00:00:03
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	12:11:39	12:11:35	12:11:39	1556.35	1556.35	1556.35	7750	7750	7800	5150	CE	29/05/2014	NIFTY	00:00:04
28/02/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:47:57	11:48:01	11:48:01	768.65	768.65	768.65	6450	7000	6450	5550	CE	29/05/2014	NIFTY	00:00:04
04/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:07:15	11:07:10	11:07:15	860.05	860.05	860.05	6450	6450	6900	5550	CE	29/05/2014	NIFTY	00:00:05
11/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:02:49	14:02:52	14:02:52	1033.65	1033.65	1033.65	9250	9500	9250	5550	CE	29/05/2014	NIFTY	00:00:03
13/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:24:30	11:24:24	11:24:30	1147.75	1147.75	1147.75	9250	9250	9500	5550	CE	29/05/2014	NIFTY	00:00:06
13/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:37:31	13:37:34	13:37:34	1066.4	1066.4	1066.4	8950	9150	8950	7750	PE	29/05/2014	NIFTY	00:00:03
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:28:42	10:28:39	10:28:42	1196.75	1196.75	1196.75	8950	8950	9000	7750	PE	29/05/2014	NIFTY	00:00:03
21/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:32:59	11:33:04	11:33:04	2118.65	2118.65	2118.65	2350	2550	2350	5150	CE	26/06/2014	NIFTY	00:00:05
23/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:35:54	11:35:51	11:35:54	2276.45	2276.45	2276.45	2350	2350	2500	5150	CE	26/06/2014	NIFTY	00:00:03
12/06/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	14:43:06	14:44:03	14:44:03	2447.1	2447.1	2445.25	50	50	2350	5150	CE	26/06/2014	NIFTY	00:00:57
09/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:25:51	10:25:54	10:25:54	1479.1	1479.1	1479.1	3350	3500	3350	5250	CE	26/06/2014	NIFTY	00:00:03
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:27:49	11:27:51	11:27:51	1895.35	1895.35	1895.35	3300	3450	3300	5250	CE	26/06/2014	NIFTY	00:00:02
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:23:24	11:23:29	11:23:29	1895.85	1895.85	1895.85	50	50	50	5250	CE	26/06/2014	NIFTY	00:00:05
06/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:45:32	10:45:30	10:45:32	1353.05	1353.05	1353.05	3650	3650	4000	5450	CE	26/06/2014	NIFTY	00:00:02
07/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:21:40	12:21:43	12:21:43	1242.4	1242.4	1242.4	3650	3800	3650	5450	CE	26/06/2014	NIFTY	00:00:03
21/04/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:50:28	13:50:31	13:50:31	1095.4	1095.4	1095.4	4550	4750	4550	5750	CE	26/06/2014	NIFTY	00:00:03
23/04/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:58:00	11:57:57	11:58:00	1210.75	1210.75	1210.75	4550	4550	4800	5750	CE	26/06/2014	NIFTY	00:00:03



Trade date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	14:09:07	14:09:05	14:09:07	1035.65	1035.65	1035.65	4800	4800	5000	7750	PE	26/06/2014	NIFTY	00:00:02
21/04/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:40:03	13:40:06	13:40:06	848.1	848.1	848.1	4800	4950	4800	7750	PE	26/06/2014	NIFTY	00:00:03
10/04/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT LTD	12:26:57	12:27:01	12:27:01	1104.4	1104.4	1104.4	4250	4400	4250	8050	PE	26/06/2014	NIFTY	00:00:04
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:15:37	11:15:33	11:15:37	1262.45	1262.45	1262.45	4250	4250	4350	8050	PE	26/06/2014	NIFTY	00:00:04
12/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:11:52	11:11:56	11:11:56	1198.35	1198.35	1198.35	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:04
20/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:34:58	11:34:47	11:34:58	1650.65	1650.65	1650.65	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:11
30/06/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:25:52	14:25:57	14:25:57	1146.65	1146.65	1146.65	4250	4500	4250	6450	CE	28/08/2014	NIFTY	00:00:05
02/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	13:53:11	13:53:06	13:53:11	1359.75	1359.75	1359.75	4250	4250	4500	6450	CE	28/08/2014	NIFTY	00:00:05
16/06/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:57:12	13:57:15	13:57:15	1005.25	1005.25	1005.25	4950	5100	4950	6550	CE	28/08/2014	NIFTY	00:00:03
20/06/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:47:28	11:47:19	11:47:28	1130.85	1130.85	1130.85	4950	4950	5150	6550	CE	28/08/2014	NIFTY	00:00:09
03/07/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:38:47	14:38:52	14:38:52	1090.25	1090.25	1090.25	4550	4750	4550	6650	CE	28/08/2014	NIFTY	00:00:05
07/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	13:41:33	13:41:28	13:41:33	1205.1	1205.1	1205.1	4550	4550	4750	6650	CE	28/08/2014	NIFTY	00:00:05
14/07/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:35:45	13:35:49	13:35:49	991.25	991.25	991.25	5050	5300	5050	6550	CE	25/09/2014	NIFTY	00:00:04
16/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:43:43	11:43:37	11:43:43	1130.4	1130.4	1130.4	5050	5050	5300	6550	CE	25/09/2014	NIFTY	00:00:06
21/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:28:34	11:28:29	11:28:34	1007.45	1007.45	1007.45	4950	4950	5200	8750	PE	25/09/2014	NIFTY	00:00:05
23/07/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:26:20	12:26:26	12:26:26	860.25	860.25	860.25	4950	5200	4950	8750	PE	25/09/2014	NIFTY	00:00:06
22/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:28:04	12:28:08	12:28:08	1094.75	1094.75	1094.75	8850	9000	8850	6850	CE	30/10/2014	NIFTY	00:00:04
26/08/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	13:21:27	13:21:02	13:21:27	1151.65	1151.65	1151.65	8850	8850	9000	6850	CE	30/10/2014	NIFTY	00:00:25
18/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:32:21	13:32:26	13:32:26	836.35	836.35	836.35	9450	9600	9450	7050	CE	30/10/2014	NIFTY	00:00:05
20/08/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	14:53:43	14:53:38	14:53:43	972.45	972.45	972.45	9450	9450	9700	7050	CE	30/10/2014	NIFTY	00:00:05
27/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:34:37	13:34:40	13:34:40	916.75	916.75	916.75	9650	9800	9650	7050	CE	30/10/2014	NIFTY	00:00:03
01/09/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	12:18:16	12:18:11	12:18:16	1056.25	1056.25	1056.25	9650	9650	9750	7050	CE	30/10/2014	NIFTY	00:00:05
12/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:47:54	13:47:59	13:47:59	1135.85	1135.85	1135.85	8450	8700	8450	8950	PE	30/10/2014	NIFTY	00:00:05
18/08/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:01:05	10:01:01	10:01:05	1116.65	1116.65	1116.65	8450	8450	8500	8950	PE	30/10/2014	NIFTY	00:00:04
01/09/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	14:25:20	14:25:15	14:25:20	1203.05	1203.05	1203.05	8250	8250	8500	6950	CE	27/11/2014	NIFTY	00:00:05
02/09/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:34:15	11:34:21	11:34:21	1170.75	1170.75	1170.75	8250	8450	8250	6950	CE	27/11/2014	NIFTY	00:00:06
10/09/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:47:06	13:47:16	13:47:16	897.85	897.85	897.85	9350	9500	9350	7250	CE	27/11/2014	NIFTY	00:00:10
15/09/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	15:25:46	15:25:40	15:25:46	950.75	950.75	950.75	9350	9350	9500	7250	CE	27/11/2014	NIFTY	00:00:06
08/10/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:55:49	11:55:45	11:55:49	1470.25	1470.25	1470.25	6750	6750	6900	9350	PE	27/11/2014	NIFTY	00:00:04
09/10/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:35:52	11:36:03	11:36:03	1290.15	1290.15	1290.15	6750	6950	6750	9350	PE	27/11/2014	NIFTY	00:00:11

38.1.1. I note from material available on record as also evident from the details in the table above that Noticee 30 and Noticee 1 had entered into 57 trades between them during 19.02.2014 to 09.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc.

38.1.2. To illustrate the pattern adopted by Noticee 30 and Noticee 1, for brevity, certain instances of synchronized and squared off trades between Noticee

30 and Noticee 1, as pairs, as observed from analysis of trade log, as example, is given below:

38.1.3. To illustrate as an example, on 12.03.2014 (first leg), Noticee 1 placed a buy order at 14:34:49 for quantity 9500 in NIFTY-5050-CE (expiry date - 24/04/2014) at price Rs.1473.65; exactly within four six seconds i.e. at 14:34:53, Noticee 30 placed a sell order for quantity 9250 at the exact same price as that of Noticee 1 viz., Rs.1473.65 resulting in the orders getting executed at 14:34:53 for quantity 9250 at price Rs.1473.65. Noticee 1 and Noticee 30 squared off this trade by splitting the quantity of 9250 (viz., traded quantity during first leg) into 5050 and 4200, with quantity 5050 on 14.03.2014 and quantity 4200 on 18.03.2014 (the two trades involving quantity 5050 and 4200 being part of the second leg) with Noticee 1 having placed sell order on 14.03.2014 at 11:20:13 of quantity 5500 NIFTY-5050-CE (expiry date - 24/04/2014) at price Rs.1546.35 followed by Noticee 30 having placed buy order within three seconds at 11:20:16 involving quantity 5050 at exact price as that of Noticee 1 viz., Rs.1546.35 resulting in orders getting executed for quantity 5050 at price Rs.1546.35. The remaining quantity 4200 was squared off on 18.03.2014 with Noticee 1 having placed sell order at 10:23:23 for quantity 4500 NIFTY-5050-CE (expiry date - 24/04/2014) at price Rs.1641.25 followed by Noticee 30 having placed buy order within three seconds at 10:23:26 involving quantity 4200 at exact price as that of Noticee 1 viz., Rs.1641.25 resulting in orders getting executed for quantity 4200 at price Rs.1641.25. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 12.03.2014 and second leg on 14.03.2014 and 18.03.2014 were placed within four seconds. Further as evident from above, the first leg of trade in NIFTY-5050-PE (expiry date - 24/04/2014) between Noticee 1 and Noticee 30 was squared off by said pair of Noticee's between themselves within just four trading days viz., quantity 5050 on 14.03.2014 and quantity 4200 on 18.03.2014, by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 1 of Rs.10, 71,055/- respectively.

38.1.4. On 19.02.2014 (first leg), Noticee 1 placed a buy order at 11:33:53 for quantity 8000 in NIFTY-6950-PE (expiry date - 24/04/2014) at price Rs.674.45; exactly within six seconds i.e. at 11:33:59, Noticee 30 placed a sell order for quantity 7750 at the exact same price as that of Noticee 1 viz., Rs.674.45 resulting in the orders getting executed at 11:33:59 for quantity 7750 at price Rs.674.45. Noticee 1 and Noticee 30 squared off this trade on 21.02.2014 (second leg). On 21.02.2014, Noticee 1 placed a sell order at 10:45:20 for quantity 8000 at price Rs.770.95; after six seconds i.e. at 10:45:26, Noticee 30 placed a buy order for quantity 7750 at the exact same price as that of Noticee 1 viz., Rs.770.95 resulting in the orders getting executed at 10:45:26 for quantity 7750 at price Rs.770.95. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 19.02.2014 and second leg on 21.02.2014 were placed within six seconds. Further as evident from above, the first leg of trade in NIFTY-6950-PE (expiry date - 24/04/2014) between Noticee 1 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 21.02.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 1 of Rs.7, 47,875/- respectively.

38.1.5. On 10.03.2014 (first leg), Noticee 1 placed a buy order at 14:19:47 for quantity 9500 in NIFTY-7750-PE (expiry date - 24/04/2014) at price Rs.1085.25; exactly within five seconds i.e. at 14:19:52, Noticee 30 placed a sell order for quantity 9050 at exact same price as that of Noticee 1 viz., Rs.1085.25 resulting in the orders getting executed at 14:19:52 for quantity 9050 at price Rs.1085.25. Noticee 1 and Noticee 30 squared off this trade on 12.03.2014 (second leg). On 12.03.2014, Noticee 1 placed a sell order at 11:34:36 for quantity 9100 at price Rs.1199.75; after four seconds i.e. at 11:34:40, Noticee 30 placed a buy order for quantity 9050 at exact same price as that of Noticee 1 viz., Rs.1199.75 resulting in the orders getting executed at 11:34:40 for quantity 9050 at price Rs. 1199.75. It is thus evident from the above that the trades were synchronized in so far as the

buy and sell orders in the first leg on 10.03.2014 and second leg on 13.03.2014 were placed within five and four seconds respectively. Further as evident from above, the first leg of trade in NIFTY-7750-CE (expiry date - 24/04/2014) between Noticee 1 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 12.03.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 1 of Rs.10, 36,225/- respectively.

38.1.6. On 11.03.2014 (first leg), Noticee 1 placed a buy order at 14:02:49 for quantity 9500 in NIFTY-5550-CE (expiry date - 29/05/2014) at price Rs.1033.65; exactly within three seconds i.e. at 14:02:52, Noticee 30 placed a sell order for quantity 9250 at exact same price as that of Noticee 1 viz., Rs.1033.65 resulting in the orders getting executed at 14:02:49 for quantity 9250 at price Rs.1033.65. Noticee 1 and Noticee 30 squared off this trade on 13.03.2014 (second leg). On 13.03.2014, Noticee 1 placed a sell order at 11:24:24 for quantity 9500 at price Rs.1147.75; after six seconds i.e. at 11:24:30, Noticee 30 placed a buy order for quantity 9250 at exact same price as that of Noticee 1 viz., Rs.1147.75 resulting in the orders getting executed at 11:24:30 for quantity 9250 at price Rs.1147.75. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 11.03.2014 and second leg on 13.03.2014 were placed within three and six seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5550-CE (expiry date - 29/05/2014) between Noticee 1 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 13.03.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 1 of Rs.10, 36,225/- respectively.

38.1.7. On 06.05.2014 (first leg), Noticee 1 had placed a sell order at 10:45:30 for quantity 4000 in NIFTY-5450-CE (expiry date - 26/06/2014) at price Rs.1353.05; exactly within two seconds i.e. at 10:45:32, Noticee 30 placed a buy order for quantity 3650 at the exact same price as that of Noticee 1

viz., Rs.1353.05 resulting in the orders getting executed at 10:45:32 for quantity 3650 at price Rs.1353.05. Noticee 1 and Noticee 30 squared off this trade on 07.05.2014 (second leg). On 07.05.2014, Noticee 1 placed a buy order at time 12:21:40 for quantity 3800 at price Rs.1242.4; after three seconds i.e. at 12:21:43, Noticee 30 placed a sell order for quantity 3650 at exact same price as that of Noticee 1 viz., Rs.1242.4 resulting in the orders getting executed at 12:21:43 for quantity 3650 at price Rs.1242.4. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 06.05.2014 and second leg on 07.05.2014 were placed within two and three seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date – 26/06/2014) between Noticee 1 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading day viz., on 07.05.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 1 of Rs.4, 03,872/- respectively.

38.1.8. On 14.07.2014 (first leg), Noticee 1 placed a buy order at 13:35:45 for quantity 5300 in NIFTY-6550-CE (expiry date - 25/09/2014) at price Rs.991.25; exactly within four seconds i.e. at 13:35:49, Noticee 30 placed a sell order for quantity 5050 at exact same price as that of Noticee 1 viz., Rs.991.25 resulting in the orders getting executed at 13:35:49 for quantity 5050 at price Rs.991.25. Noticee 1 and Noticee 30 squared off this trade on 16.07.2014 (second leg). On 16.07.2014, Noticee 1 placed a sell order at 11:43:37 for quantity 5300 at price Rs.1130.4; after six seconds i.e. at 11:43:43, Noticee 30 placed a buy order for quantity 5050 at exact same price as that of Noticee 1 viz., Rs.1130.4 resulting in the orders getting executed at 11:43:43 for quantity 5050 at price Rs. 1130.4. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 14.07.2014 and second leg on 16.07.2014 were placed within four and six seconds respectively. Further as evident from above, the first leg of trade in NIFTY-6550-CE (expiry date - 25/09/2014) between Noticee 1 and Noticee 30 was squared off by said pair of Noticee's

between themselves within just two trading days viz., on 16.07.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 1 of Rs.10, 36,225/- respectively.

38.1.9. I note from the above table that Noticee 30 and Noticee 1 traded in similar manner repetitively all throughout 19.02.2014 to 09.10.2014.

### 38.2. Trades between Noticee 30 and Noticee 2:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_buy_sell_order
20/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:41:56	11:41:59	11:41:59	1822.45	1822.45	1822.45	2700	2950	2700	5450	CE	26/06/2014	NIFTY	00:00:03
22/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	14:30:33	14:30:29	14:30:33	1903.15	1903.15	1903.15	2700	2700	2950	5450	CE	26/06/2014	NIFTY	00:00:04
23/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:31:28	10:31:22	10:31:28	1992.65	1992.65	1992.65	2700	2700	2850	5450	CE	26/06/2014	NIFTY	00:00:06
30/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:48:21	13:48:25	13:48:25	1758.25	1758.25	1758.25	2700	2850	2700	5450	CE	26/06/2014	NIFTY	00:00:04
21/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	14:11:28	14:11:26	14:11:28	1363.75	1363.75	1363.75	3650	3650	4050	5550	CE	26/06/2014	NIFTY	00:00:02
23/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:54:36	11:54:45	11:54:45	1326.2	1326.2	1326.2	3650	3750	3650	5550	CE	26/06/2014	NIFTY	00:00:09
16/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:03:50	14:03:52	14:03:52	1096.85	1096.85	1096.85	4450	4550	4450	5650	CE	26/06/2014	NIFTY	00:00:02
21/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	13:37:05	13:37:00	13:37:05	1255.65	1255.65	1255.65	4450	4450	4500	5650	CE	26/06/2014	NIFTY	00:00:05
22/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	14:41:51	14:41:48	14:41:51	1695.75	1695.75	1695.75	2900	2900	3150	5650	CE	26/06/2014	NIFTY	00:00:03
30/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:39:20	13:39:23	13:39:23	1573.65	1573.65	1573.65	2900	3050	2900	5650	CE	26/06/2014	NIFTY	00:00:03
10/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:21:03	12:21:05	12:21:05	1114.25	1114.25	1114.25	4400	4550	4400	5750	CE	26/06/2014	NIFTY	00:00:02
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:11:26	11:11:24	11:11:26	1151.35	1151.35	1151.35	4400	4400	4500	5750	CE	26/06/2014	NIFTY	00:00:02
06/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:39:13	10:39:16	10:39:16	1138.75	1138.75	1138.75	4300	4500	4300	7950	PE	26/06/2014	NIFTY	00:00:03
07/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	12:17:23	12:17:20	12:17:23	1246.45	1246.45	1246.45	4300	4300	4550	7950	PE	26/06/2014	NIFTY	00:00:03
25/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:32:10	14:32:12	14:32:12	1257.9	1257.9	1257.9	3950	4050	3950	8150	PE	26/06/2014	NIFTY	00:00:02
29/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:33:15	11:33:13	11:33:15	1395.8	1395.8	1395.8	3950	3950	4100	8150	PE	26/06/2014	NIFTY	00:00:02
07/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:30:46	10:30:43	10:30:46	1426.45	1426.45	1426.45	3450	3450	3650	8150	PE	26/06/2014	NIFTY	00:00:03
09/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:17:40	10:17:43	10:17:43	1337.65	1337.65	1337.65	3450	3600	3450	8150	PE	26/06/2014	NIFTY	00:00:03
09/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:08:26	11:08:29	11:08:29	1006.05	1006.05	1006.05	4950	5100	4950	5750	CE	31/07/2014	NIFTY	00:00:03
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:17:33	11:17:35	11:17:35	1315.25	1315.25	1315.25	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:02
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:18:17	11:18:19	11:18:19	1390.75	1390.75	1390.75	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:02
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:18:50	11:18:52	11:18:52	1423.85	1423.85	1423.85	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:02
14/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:09:27	11:09:24	11:09:27	1496.35	1496.35	1496.35	4800	4800	5050	5750	CE	31/07/2014	NIFTY	00:00:03
30/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:59:48	13:59:52	13:59:52	1495.15	1495.15	1495.15	3350	3500	3350	5750	CE	31/07/2014	NIFTY	00:00:04
10/06/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:30:54	10:30:52	10:30:54	1925.75	1925.75	1925.75	3350	3350	3500	5750	CE	31/07/2014	NIFTY	00:00:02
16/06/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	14:01:15	14:01:14	14:01:15	791.75	791.75	791.75	6250	6250	6500	8350	PE	28/08/2014	NIFTY	00:00:01
20/06/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:44:33	11:44:40	11:44:40	667.25	667.25	667.25	6250	6500	6250	8350	PE	28/08/2014	NIFTY	00:00:07
30/06/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:21:24	14:21:29	14:21:29	1205.2	1205.2	1205.2	4050	4250	4050	6400	CE	25/09/2014	NIFTY	00:00:05
02/07/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	13:49:25	13:49:20	13:49:25	1441.35	1441.35	1441.35	4050	4050	4250	6400	CE	25/09/2014	NIFTY	00:00:05
14/07/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	13:39:54	13:39:48	13:39:54	941.75	941.75	941.75	5250	5250	5500	8450	PE	25/09/2014	NIFTY	00:00:06
16/07/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:40:50	11:40:56	11:40:56	766.45	766.45	766.45	5250	5500	5250	8450	PE	25/09/2014	NIFTY	00:00:06

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
18/08/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:24:52	14:24:57	14:24:57	1150.85	1150.85	1150.85	8450	8700	8450	6750	CE	30/10/2014	NIFTY	00:00:05
20/08/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	12:03:50	12:03:35	12:03:50	1256.15	1256.15	1256.15	8450	8450	8500	6750	CE	30/10/2014	NIFTY	00:00:15
13/08/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:50:36	11:50:41	11:50:41	920.85	920.85	920.85	9250	9450	9250	6850	CE	30/10/2014	NIFTY	00:00:05
18/08/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:52:52	11:52:47	11:52:52	1101.25	1101.25	1101.25	9250	9250	9500	6850	CE	30/10/2014	NIFTY	00:00:05
27/08/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	12:40:18	12:40:15	12:40:18	1077.25	1077.25	1077.25	9250	9250	9500	9050	PE	30/10/2014	NIFTY	00:00:03
01/09/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:14:42	12:14:47	12:14:47	933.75	933.75	933.75	9250	9350	9250	9050	PE	30/10/2014	NIFTY	00:00:05
08/09/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	15:05:29	15:05:44	15:05:44	952.75	952.75	952.75	9050	9100	9050	9250	PE	30/10/2014	NIFTY	00:00:15
10/09/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:55:33	10:55:18	10:55:33	1115.05	1115.05	1115.05	9050	9050	9250	9250	PE	30/10/2014	NIFTY	00:00:15
08/10/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:59:37	14:00:00	14:00:00	720.85	720.85	720.85	9250	9400	9250	7150	CE	27/11/2014	NIFTY	00:00:23
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:16:56	10:16:39	10:16:56	892.25	892.25	892.25	5200	5200	5500	7150	CE	27/11/2014	NIFTY	00:00:17
10/10/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	9:57:15	9:57:10	9:57:15	846.15	846.15	846.15	4050	4050	4200	7150	CE	27/11/2014	NIFTY	00:00:05
16/10/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:41:27	13:41:40	13:41:40	741.15	741.15	741.15	8350	8550	8350	7150	CE	24/12/2014	NIFTY	00:00:13
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	15:12:20	15:12:02	15:12:20	882	883.75	882	50	8350	50	7150	CE	24/12/2014	NIFTY	00:00:18
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	15:12:20	15:11:49	15:12:20	883.75	883.75	883.75	8300	8350	8550	7150	CE	24/12/2014	NIFTY	00:00:31
04/12/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	12:04:00	12:03:28	12:04:00	1060	1060	1060	50	50	50	8600	CE	31/12/2015	NIFTY	00:00:32

38.2.1. I note from material available on record as also evident from the details in the table above that Noticee 30 and Noticee 2 had entered into 46 trades between them during 10.04.2014 to 04.12.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc.

38.2.2. To illustrate the pattern adopted by Noticee 30 and Noticee 2, for brevity, certain instances of synchronized and squared off trades between Noticee 30 and Noticee 2, as pairs, as observed from analysis of trade log, as example, is given below:

38.2.3. On 20.05.2014 (first leg), Noticee 2 placed a buy order at 11:41:56 for quantity 2950 in NIFTY-5450-CE (expiry date - 26/06/2014) at price Rs.1822.45; exactly within three seconds i.e. at 11:41:59, Noticee 30 placed a sell order for quantity 2700 at the exact same price as that of Noticee 2 viz., Rs.1822.45 resulting in the orders getting executed at 11:41:59 for quantity 2700 at price Rs.1822.45. Noticee 2 and Noticee 30 squared off this trade on 22.05.2014 (second leg). On 22.05.2014, Noticee 2 placed sell order at 14:30:29 for quantity 2950 at price Rs.1903.15; after four seconds i.e. at 14:30:33, Noticee 30 placed buy order for quantity 2700 at the exact same price as that of Noticee 2 viz., Rs.1903.15 resulting in the orders

getting executed at 14:30:33 for quantity 2700 at price Rs.1903.15. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 20.05.2014 and second leg on 22.05.2014 were placed within three and four seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date - 26/06/2014) between Noticee 2 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 22.05.2014 by trading in similar synchronized manner and booking of loss and profit by Noticee 30 and Noticee 2 of Rs.2, 17,890/- respectively.

38.2.4. On 21.04.2014 (first leg), Noticee 2 had placed a sell order at 14:11:26 for quantity 4050 in NIFTY-5550-CE (expiry date - 26/06/2014) at price Rs.1363.75; exactly within two seconds i.e. at 14:11:28, Noticee 30 placed a buy order for quantity 3650 at the exact same price as that of Noticee 2 viz., Rs.1363.75 resulting in the orders getting executed at 14:11:28 for quantity 3650 at price Rs.1353.05. Noticee 2 and Noticee 30 squared off this trade on 23.04.2014 (second leg). On 23.04.2014, Noticee 2 placed a buy order at 11:54:36 for quantity 3750 at price Rs.1326.2; after nine seconds i.e. at 11:54:45, Noticee 30 placed a sell order for quantity 3650 at exact same price as that of Noticee 2 viz., Rs.1326.2 resulting in the orders getting executed at 11:54:45 for quantity 3650 at price Rs.1326.2. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 21.04.2014 and second leg on 23.04.2014 were placed within two and nine seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5550-CE (expiry date – 26/06/2014) between Noticee 2 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading day viz., on 23.04.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 2 of Rs. 1, 37,058/- respectively.

38.2.5. On 30.05.2014 (first leg), Noticee 2 placed a buy order at 13:59:48 for quantity 3500 in NIFTY-5750-CE (expiry date - 31/10/2014) at price



Rs.1495.15; exactly within four seconds i.e. at 13:59:52, Noticee 30 placed a sell order for quantity 3350 at the exact same price as that of Noticee 2 viz., Rs.1495.15 resulting in the orders getting executed at 13:59:52 for quantity 3350 at price Rs.1495.15. Noticee 2 and Noticee 30 squared off this trade on 10.06.2014 (second leg). On 10.06.2014, Noticee 2 placed sell order at 10:30:52 for quantity 3500 at price Rs. 1925.75; after two seconds i.e. at 10:30:54, Noticee 30 placed buy order for quantity 3350 at the exact same price as that of Noticee 2 viz., Rs. 1925.75 resulting in the orders getting executed at 10:30:54 for quantity 3350 at price Rs.1925.75. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 30.05.2014 and second leg on 10.06.2014 were placed within four and two seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5750-CE (expiry date – 31/10/2014) between Noticee 2 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 10.06.2014 by trading in similar synchronized manner and booking of loss and profit by Noticee 30 and Noticee 2 of Rs.2, 17,890/- respectively.

38.2.6. On 18.08.2014 (first leg), Noticee 2 placed a buy order at 14:24:52 for quantity 8700 in NIFTY-6750-CE (expiry date - 30/10/2014) at price Rs.1150.85; exactly within five seconds i.e. at 14:24:57, Noticee 30 placed a sell order for quantity 8450 at the exact same price as that of Noticee 2 viz., Rs.1150.85 resulting in the orders getting executed at 14:24:57 for quantity 8450 at price Rs.1150.85. Noticee 2 and Noticee 30 squared off this trade on 20.08.2014 (second leg). On 20.08.2014, Noticee 2 placed sell order at 12:03:35 for quantity 8500 at price Rs.1256.15; after fifteen seconds i.e. at 12:03:50, Noticee 30 placed buy order for quantity 8450 at the exact same price as that of Noticee 2 viz., Rs.1256.15 resulting in the orders getting executed at 12:03:50 for quantity 8450 at price Rs.1256.15. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 18.08.2014 and second leg on 20.08.2014 were placed within five and fifteen seconds respectively.

Further as evident from above, the first leg of trade in NIFTY-6750-CE (expiry date – 30/10/2014) between Noticee 2 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 20.08.2014 by trading in similar synchronized manner and booking of loss and profit by Noticee 30 and Noticee 2 of Rs.2, 17,890/- respectively.

38.2.7. On 13.08.2014 (first leg), Noticee 2 placed a buy order at 11:50:36 for quantity 9450 in NIFTY-6850-CE (expiry date - 30/10/2014) at price Rs.920.85; exactly within five seconds i.e. at 11:50:41, Noticee 30 placed a sell order for quantity 9250 at the exact same price as that of Noticee 2 viz., Rs.920.85 resulting in the orders getting executed at 11:50:41 for quantity 9250 at price Rs.920.85. Noticee 2 and Noticee 30 squared off this trade on 18.08.2014 (second leg). On 18.08.2014, Noticee 2 placed sell order at 11:52:47 for quantity 9500 at price Rs.1101.25; after five seconds i.e. at 11:52:47, Noticee 30 placed buy order for quantity 9250 at the exact same price as that of Noticee 2 viz., Rs.1101.25 resulting in the orders getting executed at 11:52:52 for quantity 9250 at price Rs.1101.25. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 13.08.2014 and second leg on 18.08.2014 were placed within five and five seconds respectively. Further as evident from above, the first leg of trade in NIFTY-6850-CE (expiry date – 30/10/2014) between Noticee 2 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 18.08.2014 by trading in similar synchronized manner and booking of loss and profit by Noticee 30 and Noticee 2 of Rs.2, 17,890/- respectively.

38.2.8. I note from the above table that Noticee 30 and Noticee 2 traded in similar manner repetitively during 10.04.2014 to 04.12.2014.

### 38.3. Trades between Noticee 30 and Noticee 3:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
16/04/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	14:14:57	14:15:01	14:15:01	988.45	988.45	988.45	5050	5150	5050	5750	CE	29/05/2014	NIFTY	00:00:04
21/04/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	13:43:06	13:43:03	13:43:06	1142.35	1142.35	1142.35	5050	5050	5250	5750	CE	29/05/2014	NIFTY	00:00:03
10/04/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:32:10	12:32:51	12:32:51	993.35	993.35	993.35	4800	5050	4800	7950	PE	29/05/2014	NIFTY	00:00:41
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:19:10	11:19:07	11:19:10	1207.75	1207.75	1207.75	4800	4800	5050	7950	PE	29/05/2014	NIFTY	00:00:03
06/05/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	10:53:30	10:53:28	10:53:30	1672.35	1672.35	1672.35	2950	2950	3050	5150	CE	26/06/2014	NIFTY	00:00:02
07/05/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	12:24:32	12:24:34	12:24:34	1550.45	1550.45	1550.45	2950	3100	2950	5150	CE	26/06/2014	NIFTY	00:00:02
21/05/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:37:33	11:37:29	11:37:33	2106.75	2106.75	2106.75	2350	2350	2450	5250	CE	26/06/2014	NIFTY	00:00:04
30/05/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:44:44	13:44:50	13:44:50	1970.35	1970.35	1970.35	2350	2500	2350	5250	CE	26/06/2014	NIFTY	00:00:06
21/04/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	13:56:11	13:56:28	13:56:28	1131.25	1131.25	1131.25	4400	4550	4400	8050	PE	26/06/2014	NIFTY	00:00:17
23/04/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	12:01:36	12:01:33	12:01:36	1162.95	1162.95	1162.95	4400	4400	4500	8050	PE	26/06/2014	NIFTY	00:00:03
09/05/2014	NIRSHILP SECURITIES PVT LTD	DHAVAL R. SHAH	10:34:30	10:34:29	10:34:30	1445.25	1445.25	1445.25	3450	3450	3600	8200	PE	26/06/2014	NIFTY	00:00:01
13/05/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:31:54	11:31:56	11:31:56	975.25	975.25	975.25	3400	3500	3400	8200	PE	26/06/2014	NIFTY	00:00:02
13/05/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:31:25	11:31:28	11:31:28	978.35	978.35	978.35	50	50	50	8200	PE	26/06/2014	NIFTY	00:00:03
16/06/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:06:55	14:07:02	14:07:02	1205.85	1205.85	1205.85	4100	4350	4100	6350	CE	28/08/2014	NIFTY	00:00:07
18/06/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:53:47	14:53:44	14:53:47	1380.45	1380.45	1380.45	4100	4100	4300	6350	CE	28/08/2014	NIFTY	00:00:03
20/06/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	12:06:39	12:06:34	12:06:39	1330.25	1330.25	1330.25	4150	4150	4300	6350	CE	28/08/2014	NIFTY	00:00:05
23/06/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:54:52	14:54:55	14:54:55	1146.25	1146.25	1146.25	4150	4200	4150	6350	CE	28/08/2014	NIFTY	00:00:03
30/06/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:29:43	14:29:37	14:29:43	912.15	912.15	912.15	5350	5350	5500	8550	PE	28/08/2014	NIFTY	00:00:06
03/07/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:33:40	14:33:46	14:33:46	730.35	730.35	730.35	5350	5500	5350	8550	PE	28/08/2014	NIFTY	00:00:06
17/07/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:51:32	13:51:40	13:51:40	1289.15	1289.15	1289.15	3900	4000	3900	6400	CE	25/09/2014	NIFTY	00:00:08
21/07/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:08:57	11:08:51	11:08:57	1390.85	1390.85	1390.85	3900	3900	4150	6400	CE	25/09/2014	NIFTY	00:00:06
21/07/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:25:39	11:25:44	11:25:44	1155.35	1155.35	1155.35	4300	4500	4300	6550	CE	25/09/2014	NIFTY	00:00:05
12/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	12:28:09	12:28:05	12:28:09	1181.75	1181.75	1181.75	4300	4300	4500	6550	CE	25/09/2014	NIFTY	00:00:04
01/09/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:14:22	14:14:09	14:14:22	1355.15	1355.15	1355.15	4150	4150	4300	6750	CE	30/10/2014	NIFTY	00:00:13
27/08/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:58:21	13:58:24	13:58:24	1215.85	1215.85	1215.85	4150	8300	8150	6750	CE	30/10/2014	NIFTY	00:00:03
22/08/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:21:58	12:22:03	12:22:03	997.85	997.85	997.85	9350	9500	9350	6950	CE	30/10/2014	NIFTY	00:00:05
25/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:19:07	11:19:05	11:19:07	1108.25	1108.25	1108.25	9350	9350	9500	6950	CE	30/10/2014	NIFTY	00:00:02
13/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:59:27	11:59:21	11:59:27	1262.25	1262.25	1262.25	8150	8150	8300	9050	PE	30/10/2014	NIFTY	00:00:06
18/08/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:03:47	12:03:52	12:03:52	1102.35	1102.35	1102.35	8150	8300	8150	9050	PE	30/10/2014	NIFTY	00:00:05
18/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:29:22	14:29:17	14:29:22	1345.75	1345.75	1345.75	7400	7400	7500	9250	PE	30/10/2014	NIFTY	00:00:05
20/08/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:56:05	14:56:12	14:56:12	1224.75	1224.75	1224.75	7400	7550	7400	9250	PE	30/10/2014	NIFTY	00:00:07
11/09/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:35:07	14:35:13	14:35:13	1002.25	1002.25	1002.25	9350	9500	9350	7150	CE	27/11/2014	NIFTY	00:00:06
16/09/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	12:16:30	12:16:26	12:16:30	1025.45	1025.45	1025.45	9350	9350	9500	7150	CE	27/11/2014	NIFTY	00:00:04
08/10/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:03:04	14:03:32	14:03:32	682.85	682.85	682.85	9350	9500	9350	7250	CE	24/12/2014	NIFTY	00:00:28
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	15:16:07	15:16:10	15:16:10	789.45	789.45	789.45	4750	5000	4750	7250	CE	24/12/2014	NIFTY	00:00:03
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	13:47:19	13:46:58	13:47:19	750.85	750.85	750.85	4600	4600	4700	7250	CE	24/12/2014	NIFTY	00:00:21
13/10/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:08:33	14:08:28	14:08:33	1290.65	1290.65	1290.65	7750	7750	7900	9250	PE	24/12/2014	NIFTY	00:00:05
14/10/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:43:17	14:43:28	14:43:28	1169.15	1169.15	1169.15	7750	8000	7750	9250	PE	24/12/2014	NIFTY	00:00:11

- 38.3.1. I note from material available on record as also evident from the details in the table above that Noticee 30 and Noticee 3 had entered into 38 trades between them during 10.04.2014 to 16.10.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc.
- 38.3.2. To illustrate the pattern adopted by Noticee 30 and Noticee 3, for brevity, an instance of synchronized and squared off trades between Noticee 30 and Noticee 3, as pairs, as observed from analysis of trade log, as example, is given below:
- 38.3.3. On 06.05.2014 (first leg), Noticee 3 had placed a sell order at 10:53:28 for quantity 3050 in NIFTY-5150-CE (expiry date - 26/06/2014) at price Rs.1672.35; exactly within two seconds i.e. at 10:53:30, Noticee 30 placed a buy order for quantity 2950 at the exact same price as that of Noticee 3 viz., Rs.1672.35 resulting in the orders getting executed at 10:53:30 for quantity 2950 at price Rs.1672.35. Noticee 3 and Noticee 30 squared off this trade on 07.05.2014 (second leg). On 07.05.2014, Noticee 3 placed a buy order at 12:24:32 for quantity 3100 at price Rs.1550.45; after two seconds i.e. at 12:24:34, Noticee 30 placed a sell order for quantity 2950 at exact same price as that of Noticee 3 viz., Rs.1550.45 resulting in the orders getting executed at 12:24:34 for quantity 2950 at price Rs.1550.45. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 06.05.2014 and second leg on 07.05.2014 were placed within two seconds in each leg. Further as evident from above, the first leg of trade in NIFTY-5150-CE (expiry date – 26/06/2014) between Noticee 3 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading day viz., on 07.05.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 3 of Rs.3, 59,605/- respectively.
- 38.3.4. On 21.04.2014 (first leg), Noticee 3 placed a buy order at 13:56:11 for quantity 4550 in NIFTY-8050-PE (expiry date - 26/06/2014) at price Rs.1131.25; exactly within seventeen seconds i.e. at 13:56:28, Noticee 30

placed a sell order for quantity 4400 at the exact same price as that of Noticee 3 viz., Rs.1131.25 resulting in the orders getting executed at 13:56:28 for quantity 4400 at price Rs.1131.25. Noticee 3 and Noticee 30 squared off this trade on 23.04.2014 (second leg). On 23.04.2014, Noticee 3 placed sell order at 12:01:33 for quantity 4500 at price Rs.1162.95; after three seconds i.e. at 12:01:36, Noticee 30 placed buy order for quantity 4400 at the exact same price as that of Noticee 3 viz., Rs.116.95 resulting in the orders getting executed at 12:01:36 for quantity 4400 at price Rs.1162.95. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 21.04.2014 and second leg on 23.04.2014 were placed within seventeen and three seconds respectively. Further as evident from above, the first leg of trade in NIFTY-8050-PE (expiry date - 26/06/2014) between Noticee 3 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 23.04.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 3 of Rs.1, 39,480/- respectively.

38.3.5. On 16.06.2014 (first leg), Noticee 3 placed a buy order at 14:06:55 for quantity 4350 in NIFTY-6350-CE (expiry date - 28/08/2014) at price Rs.1205.85; exactly within seven seconds i.e. at 14:07:02, Noticee 30 placed a sell order for quantity 4100 at the exact same price as that of Noticee 3 viz., Rs.1205.85 resulting in the orders getting executed at 14:07:02 for quantity 4100 at price Rs.1205.85. Noticee 3 and Noticee 30 squared off this trade on 18.06.2014 (second leg). On 18.06.2014, Noticee 3 placed sell order at 14:53:44 for quantity 4300 at price Rs.1380.45; after three seconds i.e. at 14:53:47, Noticee 30 placed buy order for quantity 4100 at the exact same price as that of Noticee 3 viz., Rs.1380.45 resulting in the orders getting executed at 14:53:47 for quantity 4100 at price Rs.1380.45. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 16.06.2014 and second leg on 18.06.2014 were placed within seven and

three seconds respectively. Further as evident from above, the first leg of trade in NIFTY-6350-PE (expiry date - 28/08/2014) between Noticee 3 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 18.06.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 3 of Rs.1, 39,480/- respectively.

38.3.6. On 11.09.2014 (first leg), Noticee 3 placed a buy order at 14:35:07 for quantity 9500 in NIFTY-7150-CE (expiry date - 27/11/2014) at price Rs.1002.25; exactly within six seconds i.e. at 14:35:13, Noticee 30 placed a sell order for quantity 9350 at the exact same price as that of Noticee 3 viz., Rs.1002.25 resulting in the orders getting executed at 14:35:13 for quantity 9350 at price Rs.1002.25. Noticee 3 and Noticee 30 squared off this trade on 16.09.2014 (second leg). On 16.09.2014, Noticee 3 placed sell order at 12:16:26 for quantity 9500 at price Rs.1025.45; after four seconds i.e. at 12:16:30, Noticee 30 placed buy order for quantity 9350 at the exact same price as that of Noticee 3 viz., Rs.1025.45 resulting in the orders getting executed at 12:16:30 for quantity 9350 at price Rs.1025.45. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 11.09.2014 and second leg on 16.09.2014 were placed within six and four seconds respectively. Further as evident from above, the first leg of trade in NIFTY-6350-PE (expiry date - 28/08/2014) between Noticee 3 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 18.06.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 3 of Rs.1, 39,480/- respectively.

38.3.7. I note from the above table that Noticee 30 and Noticee 3 traded in similar manner repetitively during 10.04.2014 to 16.10.2014.

### 38.4. Trades between Noticee 30 and Noticee 4:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_buy_sell_order
20/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:52:18	11:52:23	11:52:23	540.25	540.25	540.25	9150	9300	9150	6750	PE	27/03/2014	NIFTY	00:00:05
03/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:16:04	11:15:59	11:16:04	532.25	532.25	532.25	9150	9150	9500	6750	PE	27/03/2014	NIFTY	00:00:05
25/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT LTD	13:40:41	13:40:46	13:40:46	870.55	870.55	870.55	5650	6000	5650	5350	CE	24/04/2014	NIFTY	00:00:05
28/02/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	14:12:44	14:12:33	14:12:44	998.75	998.75	998.75	5650	5650	6200	5350	CE	24/04/2014	NIFTY	00:00:11
19/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:43:21	11:43:25	11:43:25	713.35	713.35	713.35	8250	8500	8250	5450	CE	24/04/2014	NIFTY	00:00:04
21/02/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	10:54:02	10:53:55	10:54:02	824.85	824.85	824.85	8250	8250	8750	5450	CE	24/04/2014	NIFTY	00:00:07
13/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT LTD	13:43:19	13:43:21	13:43:21	785.75	785.75	785.75	9650	9850	9650	7450	PE	24/04/2014	NIFTY	00:00:02
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:07:09	11:07:06	11:07:09	856.15	856.15	856.15	9650	9650	9700	7450	PE	24/04/2014	NIFTY	00:00:03
12/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:42:36	14:42:39	14:42:39	1225.05	1225.05	1225.05	8650	9000	8650	7850	PE	24/04/2014	NIFTY	00:00:03
14/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH D. SHAH	11:06:40	11:06:37	11:06:40	1399.35	1399.35	1399.35	8650	8650	9000	7850	PE	24/04/2014	NIFTY	00:00:03
14/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:28:16	14:28:19	14:28:19	1246.35	1246.35	1246.35	8750	9000	8750	5250	CE	29/05/2014	NIFTY	00:00:03
18/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH D. SHAH	10:58:49	10:58:47	10:58:49	1436.05	1436.05	1436.05	8750	8750	8800	5250	CE	29/05/2014	NIFTY	00:00:02
10/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	14:27:30	14:27:28	14:27:30	1321.35	1321.35	1321.35	8300	8300	8500	5350	CE	29/05/2014	NIFTY	00:00:02
12/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT LTD	11:30:00	11:30:03	11:30:03	1246.05	1246.05	1246.05	8300	8500	8300	5350	CE	29/05/2014	NIFTY	00:00:03
28/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:33:22	11:33:27	11:33:27	905.25	905.25	905.25	9050	9500	9050	5400	CE	29/05/2014	NIFTY	00:00:05
05/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:03:06	11:03:14	11:03:14	1001.1	1001.1	1001.1	9000	9250	9050	5400	CE	29/05/2014	NIFTY	00:00:08
05/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH D. SHAH	11:02:48	11:03:14	11:03:14	1002.5	1002.5	1001.1	50	50	9050	5400	CE	29/05/2014	NIFTY	00:00:26
04/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:44:27	10:44:32	10:44:32	718.35	718.35	718.35	7050	7500	7050	7050	PE	29/05/2014	NIFTY	00:00:05
06/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH D. SHAH	14:34:53	14:34:49	14:34:53	735.65	735.65	735.65	7050	7050	7300	7050	PE	29/05/2014	NIFTY	00:00:04
07/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:27:21	13:27:24	13:27:24	666.3	666.3	666.3	9150	9500	9150	7300	PE	29/05/2014	NIFTY	00:00:03
11/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	10:27:03	10:26:59	10:27:03	735.5	735.5	735.5	9150	9150	9300	7300	PE	29/05/2014	NIFTY	00:00:04
11/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:06:12	14:06:15	14:06:15	1006.65	1006.65	1006.65	9150	9500	9150	7650	PE	29/05/2014	NIFTY	00:00:03
13/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:29:42	11:29:38	11:29:42	1104.35	1104.35	1104.35	4250	4250	4500	7650	PE	29/05/2014	NIFTY	00:00:04
14/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:00:25	11:00:21	11:00:25	1158.05	1158.05	1158.05	4900	4900	5000	7650	PE	29/05/2014	NIFTY	00:00:04

38.4.1. I note from material available on record as also evident from the details in the table above that Noticee 30 and Noticee 4 had entered into 24 trades between them during 19.02.2014 to 18.03.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc.

38.4.2. To illustrate the pattern adopted by Noticee 30 and Noticee 4, for brevity, an instance of synchronized and squared off trades between Noticee 30 and Noticee 4, as pairs, as observed from analysis of trade log, as example, is given below:

38.4.3. On 25.02.2014 (first leg), Noticee 4 placed a buy order at 13:40:41 for quantity 6000 in NIFTY-5350-CE (expiry date - 24/04/2014) at price Rs.870.55; exactly within five seconds i.e. at 13:40:46, Noticee 30 placed a

sell order for quantity 5650 at the exact same price as that of Noticee 4 viz., Rs.870.55 resulting in the orders getting executed at 13:40:46 for quantity 5650 at price Rs.870.55. Noticee 4 and Noticee 30 squared off this trade on 28.02.2014 (second leg). On 28.02.2014, Noticee 4 placed sell order at 14:12:33 for quantity 6200 at price Rs.998.75; after eleven seconds i.e. at 14:12:44, Noticee 30 placed buy order for quantity 5650 at the exact same price as that of Noticee 4 viz., Rs.998.75 resulting in the orders getting executed at 14:12:44 for quantity 5650 at price Rs.998.75. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 25.02.2014 and second leg on 28.02.2014 were placed within five and eleven seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5350-CE (expiry date – 24/04/2014) between Noticee 4 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 28.02.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 4 of Rs.7, 24,330/- respectively.

38.4.4. On 19.02.2014 (first leg), Noticee 4 had placed a buy order at 11:43:21 for quantity 8500 in NIFTY-5450-CE (expiry date - 24/04/2014) at price Rs.713.35; exactly within four seconds i.e. at 11:43:25, Noticee 30 placed a sell order for quantity 8250 at the exact same price as that of Noticee 4 viz., Rs.713.35 resulting in the orders getting executed at 11:43:25 for quantity 8250 at price Rs.713.35. Noticee 4 and Noticee 30 squared off this trade on 21.02.2014 (second leg). On 21.02.2014, Noticee 4 placed a sell order at 10:53:55 for quantity 8750 at price Rs.824.85; after seven seconds i.e. at 10:54:02, Noticee 30 placed a buy order for quantity 8250 at exact same price as that of Noticee 4 viz., Rs.824.85 resulting in the orders getting executed at 10:54:02 for quantity 8250 at price Rs.824.85. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 19.02.2014 and second leg on 21.02.2014 were placed within four and seven seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date – 24/04/2014)



between Noticee 4 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 21.02.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 4 of Rs.9, 19,875/- respectively.

38.4.5. I note from the above table that Noticee 30 and Noticee 4 traded in similar manner repetitively during 19.02.2014 to 18.03.2014.

### 38.5. Trades between Noticee 30 and Noticee 5:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_buy_sell_order
12/08/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	12:25:10	12:25:15	12:25:15	752.35	752.35	752.35	9150	9500	9150	6950	CE	30/10/2014	NIFTY	00:00:05
14/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	12:11:36	12:11:31	12:11:36	929.9	929.9	929.9	9150	9150	9300	6950	CE	30/10/2014	NIFTY	00:00:05
05/09/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	14:50:59	14:51:12	14:51:12	1130.75	1130.75	1130.75	7050	7250	7050	6950	CE	30/10/2014	NIFTY	00:00:13
08/09/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	11:04:43	11:04:38	11:04:43	1269.25	1269.25	1269.25	7050	7050	7300	6950	CE	30/10/2014	NIFTY	00:00:05
22/08/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	12:24:44	12:24:49	12:24:49	922.65	922.65	922.65	9050	9300	9050	8950	PE	30/10/2014	NIFTY	00:00:05
25/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	11:15:52	11:15:48	11:15:52	965.15	965.15	965.15	9050	9050	9300	8950	PE	30/10/2014	NIFTY	00:00:04
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	14:18:04	14:17:53	14:18:04	934	935	934	50	9050	50	8950	PE	30/10/2014	NIFTY	00:00:11
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	14:18:04	14:17:48	14:18:04	935	935	935	9000	9050	9000	8950	PE	30/10/2014	NIFTY	00:00:16
30/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:45:08	11:45:23	11:45:23	773.5	773.5	773.15	50	50	9050	8950	PE	30/10/2014	NIFTY	00:00:15
30/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:45:04	11:45:23	11:45:23	773.15	773.15	773.15	9000	9050	9050	8950	PE	30/10/2014	NIFTY	00:00:19
18/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	13:36:03	13:35:59	13:36:03	1265.25	1265.25	1265.25	7650	7650	7800	9150	PE	30/10/2014	NIFTY	00:00:04
20/08/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:47:52	14:47:56	14:47:56	1121.25	1121.25	1121.25	7850	7800	7650	9150	PE	30/10/2014	NIFTY	00:00:04
27/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	13:55:09	13:55:06	13:55:09	1185.15	1185.15	1185.15	8400	8400	8500	9150	PE	30/10/2014	NIFTY	00:00:03
01/09/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:17:22	14:17:27	14:17:27	1023.85	1023.85	1023.85	8400	8500	8400	9150	PE	30/10/2014	NIFTY	00:00:05
23/09/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	14:10:12	14:10:16	14:10:16	1172.8	1172.8	1172.8	8550	8800	8550	6950	CE	27/11/2014	NIFTY	00:00:04
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	15:13:32	15:13:22	15:13:32	930.25	930.25	930.25	3550	3550	3900	6950	CE	27/11/2014	NIFTY	00:00:10
21/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	12:55:41	12:55:35	12:55:41	1086.35	1086.35	1086.35	1050	1050	1300	6950	CE	27/11/2014	NIFTY	00:00:06
22/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	10:48:53	10:48:43	10:48:53	1181.1	1182.75	1181.1	50	3950	50	6950	CE	27/11/2014	NIFTY	00:00:10
22/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	10:48:53	10:48:32	10:48:53	1182.75	1182.75	1182.75	3900	3950	4100	6950	CE	27/11/2014	NIFTY	00:00:21
11/09/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	14:40:08	14:40:02	14:40:08	1185.75	1185.75	1185.75	8350	8350	8500	9350	PE	27/11/2014	NIFTY	00:00:06
15/09/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:42:48	14:43:04	14:43:04	1134.85	1134.85	1134.85	8350	8500	8350	9350	PE	27/11/2014	NIFTY	00:00:16
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	13:53:16	13:53:10	13:53:16	1486.15	1486.15	1486.15	5550	5550	5750	9350	PE	27/11/2014	NIFTY	00:00:06
20/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	15:14:41	15:15:05	15:15:05	1361.25	1361.25	1361.25	5500	5700	5550	9350	PE	27/11/2014	NIFTY	00:00:24
20/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	15:14:53	15:15:05	15:15:05	1362	1362	1361.25	50	50	5550	9350	PE	27/11/2014	NIFTY	00:00:12

38.5.1. I note from material available on record as also evident from the details in the table above that Noticee 30 and Noticee 5 had entered into 24 trades between them during 12.08.2014 to 30.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc.

38.5.2. To illustrate the pattern adopted by Noticee 30 and Noticee 5, for brevity, an instance of synchronized and squared off trades between Noticee 30 and Noticee 5, as pairs, as observed from analysis of trade log, as example, is given below:

38.5.3. On 22.08.2014 (first leg), Noticee 5 placed a buy order at 12:24:44 for quantity 9300 in NIFTY-8950-PE (expiry date – 30/10/2014) at price Rs.922.65; exactly within five seconds i.e. at 12:24:49, Noticee 30 placed a sell order for quantity 9050 at exact same price as that of Noticee 5 viz., Rs.922.65 resulting in the orders getting executed at 12:24:49 for quantity 9050 at price Rs.922.65. Noticee 5 and Noticee 30 squared off this trade on 25.08.2014 (second leg). On 25.08.2014, Noticee 5 placed sell order at 11:15:48 for quantity 9300 at price Rs.965.15; after four seconds i.e. at 11:15:52, Noticee 30 placed buy order for quantity 9050 at exact same price as that of Noticee 5 viz., Rs.965.15 resulting in the orders getting executed at 11:15:52 for quantity 9050 at price Rs.965.15. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 22.08.2014 and second leg on 25.08.2014 were placed within five and four seconds respectively. Further as evident from above, the first leg of trade in NIFTY-8950-PE (expiry date - 30/10/2014) between Noticee 5 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 22.08.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 5 of Rs.3, 84,625/- respectively.

38.5.4. On 18.08.2014 (first leg), Noticee 5 had placed a sell order at 13:35:59 for quantity 7800 in NIFTY-9150-PE (expiry date – 30.10.2014) at price Rs.1265.25; exactly within four seconds i.e. at 13:36:03, Noticee 30 placed a buy order for quantity 7650 at the exact same price as that of Noticee 5 viz., Rs.1265.25 resulting in the orders getting executed at 13:36:03 for quantity 7650 at price Rs.1265.25. Noticee 5 and Noticee 30 squared off this trade on 20.08.2014 (second leg). On 20.08.2014, Noticee 5 placed a buy order at 14:47:52 for quantity 7800 at price Rs.1121.25; after four

seconds i.e. at 14:47:56, Noticee 30 placed a sell order for quantity 7650 at exact same price as that of Noticee 5 viz., Rs.1121.25 resulting in the orders getting executed at 14:47:56 for quantity 7650 at price Rs.1121.25. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 18.08.2014 and second leg on 20.08.2014 were placed within four seconds each. Further as evident from above, the first leg of trade in NIFTY-9150-PE (expiry date – 30.10.2014) between Noticee 5 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 20.08.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 5 of Rs.11, 01,600/- respectively.

38.5.5. I note from the above table that Noticee 5 and Noticee 30 traded in similar manner repetitively during 12.08.2014 to 30.10.2014.

38.5.6. Similarly, I note from material available on record that Noticee 30 had synchronized its trades with all the Noticees 1 to 29 wherein Noticee 30 booked loss and Noticee 1 to 29, as pairs to Noticee 30, booked profit by squaring off the trades. The trades of Noticee 30 with Noticee 1 to 29 as pairs, are discussed in subsequent paragraphs dealing with impugned trades of respective Noticees 1 to 29.

**38.6. As regards Noticee 30, it was inter alia also alleged that Noticee 30 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades.**

38.6.1. In this regard, I note from material available on record that Noticee 30 had entered into 1220 self-trades during 18.02.2014 to 29.01.2015 in Nifty index options contracts, details of which were provided to the Noticee as annexures to the SCN. The time difference between buy and sell orders of Noticee 30 in 1001 such self-trades was in the range of 0 to 52 seconds. I also note that out of total 1220 self-trades, Noticee 30 entered into 990 self-

trades on just one day viz., on April 09, 2014 wherein 450 out of those 990 trades had time difference of zero seconds between the buy order and the sell order. In this regard, for brevity, 50 instances of self trades where the time difference between buy and sell order were zero are tabulated below:

### 38.6.2. Self-trades of Noticee 30

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strik_price	Optio_n	Expiry_date	Symbol	Trd_dif_buy_sell_ord
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:42	14:40:42	14:40:42	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:02	14:40:02	14:40:02	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:58	14:40:58	14:40:58	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:48	14:39:48	14:39:48	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:55	14:39:55	14:39:55	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:41	14:39:41	14:39:41	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:48	14:39:48	14:39:48	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:42	14:40:42	14:40:42	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:58	14:40:58	14:40:58	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:58	14:40:58	14:40:58	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:41	14:39:41	14:39:41	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:48	14:39:48	14:39:48	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:55	14:39:55	14:39:55	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:55	14:39:55	14:39:55	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:42	14:40:42	14:40:42	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:58	14:40:58	14:40:58	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:48	14:39:48	14:39:48	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:55	14:39:55	14:39:55	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:41	14:39:41	14:39:41	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:55	14:39:55	14:39:55	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:42	14:40:42	14:40:42	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:58	14:40:58	14:40:58	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:58	14:40:58	14:40:58	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:41	14:39:41	14:39:41	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:41	14:39:41	14:39:41	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:41	14:39:41	14:39:41	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:42	14:40:42	14:40:42	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:41	14:39:41	14:39:41	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:48	14:39:48	14:39:48	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:02	14:40:02	14:40:02	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:58	14:40:58	14:40:58	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:41	14:39:41	14:39:41	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:55	14:39:55	14:39:55	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:42	14:40:42	14:40:42	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:55	14:39:55	14:39:55	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:55	14:39:55	14:39:55	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:39:55	14:39:55	14:39:55	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:42	14:40:42	14:40:42	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:58	14:40:58	14:40:58	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00
09/04/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	14:40:19	14:40:19	14:40:19	0.6	0.6	0.6	50	50	50	7600	CE	24/04/2014	NIFTY	00:00:00

38.6.3. From the above table, I note that on 09.04.2014, Noticee 30 placed a limit sell order at 14:40:19 PM for quantity 50 in NIFTY-7600-CE (expiry date – 24/04/2014) at price Rs.0.60; and at the same time i.e. 14:40:19 PM, Noticee 30 placed a limit buy order for quantity 50 at exactly the same price in the same contract resulting in the orders getting executed at 14:40:19 PM for quantity 50 at price Rs.0.60 resulting into first self-trade of that day. In this regard, it is pertinent to note that in all the 990 self-trades on 09.04.2014 including those self-trades as cited above, quantity and price of buy order and sell order was same viz., quantity 50 with price Rs. 0.60. It cannot be a mere coincidence that all such trades were executed at the same price and for same quantity. Likewise was the trading pattern of Noticee 30 in respect of all such trades during 18.02.2014 to 29.01.2015 in Nifty index options contracts.

38.6.4. For brevity, details of all the self-trades by Noticee 30 across multiple expiries and option types (PE/ CE) are as under:

Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value
26-Feb-2014	5,200	18-Feb-2014	NIRSHILP SECURITIES PVT LTD	0.40	1550	620
	4,950	03-Mar-2014	NIRSHILP SECURITIES PVT LTD.	1,343.50	7150	9606025
	5,050	03-Mar-2014		1,239.85	6750	8368988
	6,750	05-Mar-2014		463.35	9150	4239653
27-Mar-2014	6,850	05-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	555.05	8250	4579163
24-Apr-2014	5,050	11-Mar-2014	NIRSHILP SECURITIES PVT LTD	1,484.05	5750	8533288
		19-Mar-2014		1,487.05	6050	8996653
	5,150	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,573.65	9250	14556263
24-Apr-2014	5,150	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,396.10	9050	12634705

Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value
	5,200	19-Mar-2014		1,420.05	900	1278045
				1,357.00	1700	2306900
				1,357.50	350	475125
				1,358.00	750	1018500
				1,358.05	250	339513
				1,358.10	50	67905
				1,358.50	100	135850
				1,361.50	550	748825
				1,363.50	1050	1431675
				1,372.15	1350	1852403
	5,250	10-Mar-2014	NIRSHILP SECURITIES PVT LTD	1,281.05	3550	4547728
		11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,364.35	7800	10641930
	5,300	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,276.00	8250	10527000
	5,350	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,234.15	50	61708
				1,236.80	50	61840
				1,235.50	750	926625
				1,236.00	650	803400
				1,236.50	1800	2225700
				1,237.00	5250	6494250
				1,237.50	250	309375
	5,450	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,097.25	8250	9052313
	6,750	11-Mar-2014	NIRSHILP SECURITIES PVT LTD	260.95	8750	2283313
	6,850	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	322.10	4150	1336715
346.75				1000	346750	
6,950	11-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	436.50	1100	480150	
7,600	09-Apr-2014	NIRSHILP SECURITIES PVT LTD	0.60	49500	29700	
7,750	19-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,182.25	9050	10699363	
5,350	23-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,513.20	1450	2194140	
			1,501.15	7800	11708970	
	16-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,280.45	550	704248	
			1,315.35	2200	2893770	
			1,355.25	1250	1694063	
			1,376.35	2200	3027970	
			1,394.65	2050	2859033	
	5,450	22-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,394.65	2050	2859033
	5,650	06-May-2014	NIRSHILP SECURITIES PVT. LTD.	1,136.25	4150	4715438
	7,250	20-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	647.65	9350	6055528
	7,300	19-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	814.85	9150	7455878
	7,350	12-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	890.45	6150	5476268
	7,650	25-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	999.65	9150	9146798
	7,750	28-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	1,062.05	300	318615
	7,950	21-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,058.15	3450	3650618
	8,050	23-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,178.80	1250	1473500
		25-Apr-2014	NIRSHILP SECURITIES PVT. LTD.	1,268.25	3050	3868163
29-May-2014	8,150	06-May-2014	NIRSHILP SECURITIES PVT LTD	1,362.15	4650	6333998
26-Jun-2014	5,150	10-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	2,470.15	1000	2470150
		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	2,452.35	2950	7234433
	5,250	24-Jun-2014	NIRSHILP SECURITIES PVT LTD	2,306.45	5400	12454830
			NIRSHILP SECURITIES PVT. LTD.	2,316.00	200	463200

Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value
	5,450	10-Jun-2014	NIRSHILP SECURITIES PVT LTD	2,108.05	2700	5691735
		24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	2,152.35	2700	5811345
	5,550	24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	2,042.65	5500	11234575
	5,650	24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	1,950.75	550	1072913
	5,750	24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	1,810.35	300	543105
	7,750	24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	166.10	4700	780670
		10-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	328.15	550	180483
	7,950	24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	360.25	4200	1513050
	8,050	24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	490.15	600	294090
	8,100	24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	510.75	8050	4111538
	8,150	24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	542.50	9000	4882500
		25-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	539.25	1700	916725
	8,200	24-Jun-2014	NIRSHILP SECURITIES PVT LTD	608.00	5500	3344000
8,250	24-Jun-2014	NIRSHILP SECURITIES PVT. LTD.	672.50	7150	4808375	
31-Jul-2014	5,450	14-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,997.25	4250	8488313
		15-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	2,038.15	5200	10598380
	6,150	14-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,307.50	5050	6602875
28-Aug-2014	6,350	14-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,145.75	50	57288
	6,450	22-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,279.45	3000	3838350
	6,550	23-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,228.85	4950	6082808
	6,650	21-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	1,101.25	2800	3083500
	8,350	16-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	725.45	6250	4534063
	8,550	22-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	748.15	8250	6172238
	8,650	21-Jul-2014	NIRSHILP SECURITIES PVT. LTD.	970.15	8150	7906723
25-Sep-2014	6,550	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	1,329.75	4300	5717925
	6,600	20-Mar-2014	NIRSHILP SECURITIES PVT. LTD.	287.55	4200	1207710
	6,750	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	1,132.25	9050	10246863
	6,850	27-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	1,082.75	7350	7958213
	7,850	18-Sep-2014	NIRSHILP SECURITIES PVT LTD	191.95	300	57585
	8,450	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	565.35	5250	2968088
	8,550	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	663.05	8650	5735383
	8,750	26-Aug-2014	NIRSHILP SECURITIES PVT. LTD.	802.50	4950	3972375
30-Oct-2014		02-Sep-2014	NIRSHILP SECURITIES PVT. LTD.	1,388.65	300	416595
				1,309.75	900	1178775
	6,750	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,310.00	50	65500
	6,850			1,198.25	350	419388
		29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,199.00	50	59950
	6,950			1,095.65	6800	7450420
		29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,096.00	50	54800
	7,050			990.15	150	148523
		29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	990.50	50	49525
	8,850			738.15	5200	3838380
		29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	738.50	50	36925
	8,950			827.35	550	455043
		29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	827.50	50	41375
	9,050			956.55	1050	1004378
29-Oct-2014		NIRSHILP SECURITIES PVT. LTD.	957.00	50	47850	
9,150	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,047.25	700	733075	

Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value
				1,048.00	50	52400
				1,146.05	1600	1833680
	9,250	29-Oct-2014	NIRSHILP SECURITIES PVT. LTD.	1,146.50	50	57325
				1,821.00	4950	9013950
	6,650	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,821.50	50	91075
	6,750	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,723.00	100	172300
	6,850	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,650.00	250	412500
	6,950	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,554.00	300	466200
				1,425.00	1400	1995000
	7,050	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,425.50	50	71275
				1,356.15	5050	6848558
	7,150	24-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,356.50	50	67825
				1,256.00	3000	3768000
				1,256.50	50	62825
				1,258.15	9750	12266963
	7,250	24-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	1,258.50	50	62925
				294.25	9950	2927788
		24-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	294.50	50	14725
				360.00	650	234000
	8,850	25-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	360.50	50	18025
	8,950	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	438.50	1000	438500
				535.50	9450	5060475
	9,050	21-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	536.00	50	26800
			NIRSHILP SECURITIES PVT. LTD.	680.00	50	34000
	9,150	25-Nov-2014		680.50	4000	2722000
				755.10	2350	1774485
	9,250	25-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	755.50	50	37775
				793.35	3900	3094065
27-Nov-2014	9,350	24-Nov-2014	NIRSHILP SECURITIES PVT. LTD.	793.50	50	39675
				1,837.75	5000	9188750
	6,650	08-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,838.00	250	459500
				1,592.00	350	557200
	6,750	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,592.50	50	79625
				1,491.00	200	298200
	6,850	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,491.50	50	74575
	6,950	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,381.15	2700	3729105
				1,290.00	5400	6966000
	7,050	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,290.50	50	64525
				1,179.25	2000	2358500
	7,150	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,179.50	50	58975
				1,077.05	5250	5654513
	7,250	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,078.00	50	53900
				775.00	2400	1860000
	7,450	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	775.50	50	38775
	8,750	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	409.50	6000	2457000
				501.50	6950	3485425
	8,850	23-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	502.00	50	25100
24-Dec-2014	8,950	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	707.00	4950	3499650



Expiry Date	Strike Price	Trade Date	Buy and Sell Client Name	Traded Price	Qty	Trade Value
				707.50	50	35375
				818.00	50	40900
	9,050	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	818.50	5400	4419900
				917.50	50	45875
	9,150	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	918.00	8100	7435800
				1,017.00	50	50850
	9,250	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,017.50	7700	7834750
				860.00	50	43000
		08-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	860.50	8200	7056100
				1,003.50	50	50175
	9,350	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,003.75	4700	4717625
				1,403.00	8550	11995650
	9,650	24-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,403.50	50	70175
				1,492.00	50	74600
	9,850	12-Dec-2014	NIRSHILP SECURITIES PVT. LTD.	1,492.50	9100	13581750
	6,950	27-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,925.50	7200	13863600
	7,250	27-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,623.50	9250	15017375
	7,350	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,541.05	8350	12867768
				1,453.50	2600	3779100
	7,450	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,454.00	50	72700
				1,348.75	9125	12307344
	7,550	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,349.00	25	33725
	7,650	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	1,242.15	9500	11800425
				430.50	1000	430500
		28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	431.00	1250	538750
				446.50	6900	3080850
	9,350	29-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	447.00	50	22350
				520.45	9000	4684050
	9,450	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	520.50	50	26025
				623.75	8650	5395438
	9,550	28-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	624.00	50	31200
29-Jan-2015	9,650	27-Jan-2015	NIRSHILP SECURITIES PVT. LTD.	770.25	9250	7124813
<b>Grand Total</b>					<b>654050</b>	<b>637714801</b>

38.6.5. I note from the above that Noticee 30 had put simultaneous buy and sell orders in contract of Nifty index options at the same price and within proximity of time, resulting into self-trades and thereby creating misleading appearance of trading in respective Nifty options contracts wherein the self-trades accounted for 4.68% on traded quantity basis and on value basis it accounted for more than 25% in Nifty options with quantity 654050 worth Rs. 63.77 crore. Execution of repeated self-trades in illiquid NIFTY options

contracts cannot be mere coincidence considering the significant value of these contracts (i.e. 25% of the total traded value).

38.6.6. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 30 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 30 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '*...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...*'.

39. Having dealt with violations in respect of Noticee 30, I proceed to deal with the impugned trades of Noticee 1 to 29 with Noticee 30, as pairs, and also deal with the self-trades by Group 1 Noticees, as under:

**40. Trades between Group 1 Noticees viz., Noticee 1 to 11 and Noticee 30, as pairs, their respective self-trades, and trades between Noticee 26 and Noticee 30 :**

40.1. In this regard, I note from material available on record, that Group 1 Noticees viz., Noticee 1 to 11 and Noticee 30 were connected to each other. Further, it is noted from submissions of the Noticee 1 that Noticee

26 was also connected to Group 1 as family friend. The basis of connection among Noticees of Group 1, as noted from material available on record, are as under:

Sr. No.	Name of the Noticee	Basis of connection
1	RAJENDRA D. SHAH (Noticee 1)	<p>Director of 3 broking Companies – Nirshilp (Noticee 30), Nirpan (Noticee 33) and Dolat (Noticee 34). Common mobile no. 98*****58 with Sr. no. 5, 8 and 11.</p> <p>Bank transaction with Noticee 33, 34, 35, Shailesh Shah (Sr no 4), Nidhi Shah, Dhaval Shah (sr. no 3), Rakesh Shah, Pankaj Shah (Sr no 11), Shilpa Shah (sr no. 5), Vaibhav Shah, Harendra Shah (sr. no 2), Sunil Shah, Vinay Shah, Nirupama Shah</p> <p>Off Market transfer with Noticee 33, 34 and 35</p> <p>Common address 301-308, 3rd Floor...</p>
2	HARENDRA D. SHAH (Noticee 2)	<p>Director of 2 broking Companies – Nirshilp (Noticee 30), Nirpan (Noticee 33) Common mobile number 98*****59 with H D Shah HUF (Sr. No. 6) and Vaipan Securities (Sr. No. 9).</p> <p>Bank transaction with Anil Dhanji Gada, Nirpan sec (Noticee 33), Nirshilp (Noticee 30), Pankaj Shah (Sr. no. 11), Payal shah, Shailesh Shah (Sr. no. 4) and R D Shah (Sr. no. 1)</p> <p>Off Market transfer with Noticee 33, 34 and 35</p>
3	DHAVAL R. SHAH (Noticee 3)	<p>Director in Nirshilp (Noticee 30).</p> <p>Common mobile no 98*****58 with Sr. no. 1, 5 and 8.</p> <p>Bank transactions with Jigar comm and derivatives pvt Ltd, Noticee 33, Noticee 35 and Rajendra Shah (Sr. no. 1)</p> <p>Off Market transfer with Noticee 33, 34 and 35</p>
4	SHAILESH D. SHAH (Noticee 4)	<p>Director in Nirshilp (Noticee 33) Common mobile no 98*****04 with entity S D Shah HUF (sr. no. 10)</p> <p>Bank transactions with Pankaj Shah (sr no 11), Purvag Shah, Harsh Shah, Rahul Shah, Vaibhav Shah, Rajendra Shah (sr no 1), Harendra Shah (sr no 2), Noticee 34, Noticee 33, Noticee 30</p>

Sr. No.	Name of the Noticee	Basis of connection
5	SHILPA R. SHAH (Noticee 5)	Director in Nirshilp (Noticee 33)  Bank transactions with Ankit Shah, Parag Shah, Kalpesh Shah, Rajendra Shah (sr no 1), Rakesh Shah, Tejas Shah, Vinay Shah, Noticee 34, Noticee 33, Noticee 30  Off Market transfer with Noticee 33, 34 and 35
6	H. D. Shah (HUF) (Noticee 6)	Common mobile number 98*****59 with Harendra Shah (Sr. No. 2) and Vaipan Securities (sr. No. 9). Common phone no 65****67 with sr. no. 1,2,5,7,8,9,10 Common phone no 2 65****68 with Sr. no. 2. Common phone no 56****67 with Sr.no. 4 and 11.  Bank transaction with Noticee 33, 34 and 35
7	P. D. SHAH (HUF) (Noticee 7)	Common mobile no 98*****57 with entity Pankaj Shah (Sr. no. 11)  Bank transaction with Noticee 33, 34 and 35 and Shailesh Shah (Sr. no. 4)
8	R.D. SHAH HUF (Noticee 8)	Common mobile no 98*****58 with Sr. no. 1, 3 and 5  Bank transactions with Noticee 34 and Noticee 33
9	VAIPAN SECURITIES PVT. LTD. (Noticee 9)	Common mobile number 98*****59 with Harendra Shah (Sr. No. 2) and H. D. Shah (HUF) - Sr. No. 6.  Bank transactions with Noticee 34  Off Market transfer with Noticee 33, 34 and 35
10	S. D. Shah (HUF) (Noticee 10)	Common mobile no 98*****04 with entity Shailesh Shah (Sr. no. 4)  Bank transactions with Noticee 34 and 35
11	PANKAJ D. SHAH (Noticee 11)	Director of 2 broking Companies – Noticee 30, Noticee 34. Common mobile no 98*****57 with entity P. D Shah HUF (Sr. no. 7).  Bank transaction with Noticee 33, Noticee 34, Noticee 35, Noticee 30, Shailesh Shah (Sr. No. 4), Rajendra D Shah (Sr No. 1), Vaibhav Shah, Harendra Shah (Sr. No. 2)
12	Nirshilp Securities Pvt. Ltd. (Noticee 30)	Rajendra Shah (Sr no 1), Harendra Shah (sr no 2), Dhaval Shah (sr no 3), Shailesh Shah (sr no 4), Shilpa Shah (sr no 5) and Pankaj Shah (sr no 11) were directors of Noticee 30. They have bank transactions with Noticee 30

40.2. The trading details and analysis of trades of Noticee 1 to 11 with Noticee 30 and instances of self trades of Group 1, are inter alia being dealt as under:

**40.3. Trades between Noticee 1 and Noticee 30:**

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_buy_sell_order
12/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:34:49	14:34:53	14:34:53	1473.65	1473.65	1473.65	9250	9500	9250	5050	CE	24/04/2014	NIFTY	00:00:04
14/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:20:16	11:20:13	11:20:16	1546.35	1546.35	1546.35	5050	5050	5500	5050	CE	24/04/2014	NIFTY	00:00:03
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:23:26	10:23:23	10:23:26	1641.25	1641.25	1641.25	4200	4200	4500	5050	CE	24/04/2014	NIFTY	00:00:03
19/02/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:33:53	11:33:59	11:33:59	674.45	674.45	674.45	7750	8000	7750	6950	PE	24/04/2014	NIFTY	00:00:06
21/02/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:45:26	10:45:20	10:45:26	770.95	770.95	770.95	7750	7750	8000	6950	PE	24/04/2014	NIFTY	00:00:06
05/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:19:47	12:19:54	12:19:54	550.85	550.85	550.85	8850	9000	8850	6950	PE	24/04/2014	NIFTY	00:00:07
11/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:24:07	10:23:58	10:24:07	470.15	470.15	470.15	8850	8850	9000	6950	PE	24/04/2014	NIFTY	00:00:09
10/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:19:47	14:19:52	14:19:52	1085.25	1085.25	1085.25	9050	9500	9050	7750	PE	24/04/2014	NIFTY	00:00:05
12/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:34:40	11:34:36	11:34:40	1199.75	1199.75	1199.75	9050	9050	9100	7750	PE	24/04/2014	NIFTY	00:00:04
14/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:23:51	14:23:54	14:23:54	1355.65	1355.65	1355.65	7750	8000	7750	5150	CE	29/05/2014	NIFTY	00:00:03
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	12:11:39	12:11:35	12:11:39	1556.35	1556.35	1556.35	7750	7750	7800	5150	CE	29/05/2014	NIFTY	00:00:04
28/02/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:47:57	11:48:01	11:48:01	768.65	768.65	768.65	6450	7000	6450	5550	CE	29/05/2014	NIFTY	00:00:04
04/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:07:15	11:07:10	11:07:15	860.05	860.05	860.05	6450	6450	6900	5550	CE	29/05/2014	NIFTY	00:00:05
11/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:02:49	14:02:52	14:02:52	1033.65	1033.65	1033.65	9250	9500	9250	5550	CE	29/05/2014	NIFTY	00:00:03
13/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:24:30	11:24:24	11:24:30	1147.75	1147.75	1147.75	9250	9250	9500	5550	CE	29/05/2014	NIFTY	00:00:06
13/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:37:31	13:37:34	13:37:34	1066.4	1066.4	1066.4	8950	9150	8950	7750	PE	29/05/2014	NIFTY	00:00:03
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:28:42	10:28:39	10:28:42	1196.75	1196.75	1196.75	8950	8950	9000	7750	PE	29/05/2014	NIFTY	00:00:03
21/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:32:59	11:33:04	11:33:04	2118.65	2118.65	2118.65	2350	2550	2350	5150	CE	26/06/2014	NIFTY	00:00:05
23/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:35:54	11:35:51	11:35:54	2276.45	2276.45	2276.45	2350	2350	2500	5150	CE	26/06/2014	NIFTY	00:00:03
12/06/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	14:43:06	14:44:03	14:44:03	2447.1	2447.1	2445.25	50	50	2350	5150	CE	26/06/2014	NIFTY	00:00:57
09/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:25:51	10:25:54	10:25:54	1479.1	1479.1	1479.1	3350	3500	3350	5250	CE	26/06/2014	NIFTY	00:00:03
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:27:49	11:27:51	11:27:51	1895.35	1895.35	1895.35	3300	3450	3300	5250	CE	26/06/2014	NIFTY	00:00:02
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:23:24	11:23:29	11:23:29	1895.85	1895.85	1895.85	50	50	50	5250	CE	26/06/2014	NIFTY	00:00:05
06/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:45:32	10:45:30	10:45:32	1353.05	1353.05	1353.05	3650	3650	4000	5450	CE	26/06/2014	NIFTY	00:00:02
07/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:21:40	12:21:43	12:21:43	1242.4	1242.4	1242.4	3650	3800	3650	5450	CE	26/06/2014	NIFTY	00:00:03
21/04/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:50:28	13:50:31	13:50:31	1095.4	1095.4	1095.4	4550	4750	4550	5750	CE	26/06/2014	NIFTY	00:00:03
23/04/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:58:00	11:57:57	11:58:00	1210.75	1210.75	1210.75	4550	4550	4800	5750	CE	26/06/2014	NIFTY	00:00:03
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	14:09:07	14:09:05	14:09:07	1035.65	1035.65	1035.65	4800	4800	5000	7750	PE	26/06/2014	NIFTY	00:00:02
21/04/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:40:03	13:40:06	13:40:06	848.1	848.1	848.1	4800	4950	4800	7750	PE	26/06/2014	NIFTY	00:00:03
10/04/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:26:57	12:27:01	12:27:01	1104.4	1104.4	1104.4	4250	4400	4250	8050	PE	26/06/2014	NIFTY	00:00:04
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:15:37	11:15:33	11:15:37	1262.45	1262.45	1262.45	4250	4250	4350	8050	PE	26/06/2014	NIFTY	00:00:04
12/05/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:11:52	11:11:56	11:11:56	1198.35	1198.35	1198.35	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:04
20/05/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:34:58	11:34:47	11:34:58	1650.65	1650.65	1650.65	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:11
30/06/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:25:52	14:25:57	14:25:57	1146.65	1146.65	1146.65	4250	4500	4250	6450	CE	28/08/2014	NIFTY	00:00:05
02/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	13:53:11	13:53:06	13:53:11	1359.75	1359.75	1359.75	4250	4250	4500	6450	CE	28/08/2014	NIFTY	00:00:05

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
16/06/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:57:12	13:57:15	13:57:15	1005.25	1005.25	1005.25	4950	5100	4950	6550	CE	28/08/2014	NIFTY	00:00:03
20/06/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:47:28	11:47:19	11:47:28	1130.85	1130.85	1130.85	4950	4950	5150	6550	CE	28/08/2014	NIFTY	00:00:09
03/07/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:38:47	14:38:52	14:38:52	1090.25	1090.25	1090.25	4550	4750	4550	6650	CE	28/08/2014	NIFTY	00:00:05
07/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	13:41:33	13:41:28	13:41:33	1205.1	1205.1	1205.1	4550	4550	4750	6650	CE	28/08/2014	NIFTY	00:00:05
14/07/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:35:45	13:35:49	13:35:49	991.25	991.25	991.25	5050	5300	5050	6550	CE	25/09/2014	NIFTY	00:00:04
16/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:43:43	11:43:37	11:43:43	1130.4	1130.4	1130.4	5050	5050	5300	6550	CE	25/09/2014	NIFTY	00:00:06
21/07/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:28:34	11:28:29	11:28:34	1007.45	1007.45	1007.45	4950	4950	5200	8750	PE	25/09/2014	NIFTY	00:00:05
23/07/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:26:20	12:26:26	12:26:26	860.25	860.25	860.25	4950	5200	4950	8750	PE	25/09/2014	NIFTY	00:00:06
22/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:28:04	12:28:08	12:28:08	1094.75	1094.75	1094.75	8850	9000	8850	6850	CE	30/10/2014	NIFTY	00:00:04
26/08/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	13:21:27	13:21:02	13:21:27	1151.65	1151.65	1151.65	8850	8850	9000	6850	CE	30/10/2014	NIFTY	00:00:25
18/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:32:21	13:32:26	13:32:26	836.35	836.35	836.35	9450	9600	9450	7050	CE	30/10/2014	NIFTY	00:00:05
20/08/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	14:53:43	14:53:38	14:53:43	972.45	972.45	972.45	9450	9450	9700	7050	CE	30/10/2014	NIFTY	00:00:05
27/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:34:37	13:34:40	13:34:40	916.75	916.75	916.75	9650	9800	9650	7050	CE	30/10/2014	NIFTY	00:00:03
01/09/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	12:18:16	12:18:11	12:18:16	1056.25	1056.25	1056.25	9650	9650	9750	7050	CE	30/10/2014	NIFTY	00:00:05
12/08/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:47:54	13:47:59	13:47:59	1135.85	1135.85	1135.85	8450	8700	8450	8950	PE	30/10/2014	NIFTY	00:00:05
18/08/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:01:05	10:01:01	10:01:05	1116.65	1116.65	1116.65	8450	8450	8500	8950	PE	30/10/2014	NIFTY	00:00:04
01/09/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	14:25:20	14:25:15	14:25:20	1203.05	1203.05	1203.05	8250	8250	8500	6950	CE	27/11/2014	NIFTY	00:00:05
02/09/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:34:15	11:34:21	11:34:21	1170.75	1170.75	1170.75	8250	8450	8250	6950	CE	27/11/2014	NIFTY	00:00:06
10/09/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:47:06	13:47:16	13:47:16	897.85	897.85	897.85	9350	9500	9350	7250	CE	27/11/2014	NIFTY	00:00:10
15/09/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	15:25:46	15:25:40	15:25:46	950.75	950.75	950.75	9350	9350	9500	7250	CE	27/11/2014	NIFTY	00:00:06
08/10/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:55:49	11:55:45	11:55:49	1470.25	1470.25	1470.25	6750	6750	6900	9350	PE	27/11/2014	NIFTY	00:00:04
09/10/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:35:52	11:36:03	11:36:03	1290.15	1290.15	1290.15	6750	6950	6750	9350	PE	27/11/2014	NIFTY	00:00:11

40.3.1. I note from the material available on record as also evident from the details in table above that Noticee 1 and Noticee 30 had entered into 57 trades between themselves during period 19.02.2014 to 09.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc. From the analysis of said trades between the said pair of Noticee 1 and Noticee 30, I note that the time difference between buy and sell orders of Noticee 1 and Noticee 30, in all the 57 trades, was less than one minute, with 55 trades being in the range of 2 to 11 seconds and remaining two trades involving time difference of 25 seconds and 57 seconds each.

40.3.2. To illustrate the pattern adopted by Noticee 1 and Noticee 30, for brevity, an instances of synchronized and squared off trades between Noticee 30 and Noticee 1, as pairs, as observed from analysis of trade log, as examples are being discussed as under:

- 40.3.3. On 12.03.2014 (first leg), Noticee 1 placed a buy order at 14:34:49 for quantity 9500 in NIFTY-5050-CE (expiry date - 24/04/2014) at price Rs.1473.65; exactly within four six seconds i.e. at 14:34:53, Noticee 30 placed a sell order for quantity 9250 at the exact same price as that of Noticee 1 viz., Rs.1473.65 resulting in the orders getting executed at 14:34:53 for quantity 9250 at price Rs.1473.65. Noticee 1 and Noticee 30 squared off this trade by splitting the quantity of 9250 (viz., traded quantity during first leg) into 5050 and 4200, with quantity 5050 on 14.03.2014 and quantity 4200 on 18.03.2014 (the two trades involving quantity 5050 and 4200 being part of the second leg) with Noticee 1 having placed sell order on 14.03.2014 at 11:20:13 of quantity 5500 NIFTY-5050-CE (expiry date - 24/04/2014) at price Rs.1546.35 followed by Noticee 30 having placed buy order within three seconds at 11:20:16 involving quantity 5050 at exact price as that of Noticee 1 viz., Rs.1546.35 resulting in orders getting executed for quantity 5050 at price Rs.1546.35. The remaining quantity 4200 was squared off on 18.03.2014 with Noticee 1 having placed sell order at 10:23:23 for quantity 4500 NIFTY-5050-CE (expiry date - 24/04/2014) at price Rs.1641.25 followed by Noticee 30 having placed buy order within three seconds at 10:23:26 involving quantity 4200 at exact price as that of Noticee 1 viz., Rs.1641.25 resulting in orders getting executed for quantity 4200 at price Rs.1641.25. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 12.03.2014 and second leg on 14.03.2014 and 18.03.2014 were placed within four seconds. Further as evident from above, the first leg of trade in NIFTY-5050-PE (expiry date - 24/04/2014) between Noticee 1 and Noticee 30 was squared off by said pair of Noticee's between themselves within just four trading days viz., quantity 5050 on 14.03.2014 and quantity 4200 on 18.03.2014, by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 1 of Rs.10, 71,055/- respectively.
- 40.3.4. I note from the above table that Noticee 1 and Noticee 30 traded in similar manner repetitively all throughout 19.02.2014 to 09.10.2014.

- 40.3.5. I also note from the analysis of trade data as also evident from table above that out of total 57 trades between the said pair of Noticee 1 and Noticee 30 during the IP, in all trades save for just few instances, it was Noticee 1 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity. To cite as instance, out of total 57 instances of trades as in table above, Noticee 1 had placed the orders first in 54 out of 57 instances as buyer and seller in 27 instances each.
- 40.3.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 1 came as buyer or seller in first leg, save for one instance out of total 57 instances of impugned trades involving square off between Noticee 1 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 1 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 1 booking profit, in all the 56 instances of trading between the two during the IP. Total profit and loss across all 57 trades being Rs. 19350443/-.
- 40.3.7. I note from the table above that Noticee 1 and Noticee 30 had traded between themselves across the expiries from April 2014 to November 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within just one or two trading days. For example, in the months of February and March 2014, they took positions in placed and call options of different strike rates of Nifty index options for expiry date of 24.04.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked a loss immediately within few trading days. The said repetitive pattern of trading



evidently points to abnormal trading behavior by Noticee 1 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in apparently premeditated booking of loss by Noticee 30 and profit by Noticee 1.

**40.3.8. As regards Noticee 1, it was also alleged that Noticee 1 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

**Self trades of Noticee 1:**

Trade date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif_buy_sell_ord
20/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:52:38	11:52:35	11:52:38	1568.5	1568.5	1568.5	9250	9250	9300	5050	CE	24/04/2014	NIFTY	00:00:03
19/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	13:35:23	13:35:21	13:35:23	373.05	373.05	373.05	1100	1100	1100	6950	PE	24/04/2014	NIFTY	00:00:02
21/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:14:52	11:14:54	11:14:54	1146.55	1146.55	1146.55	9050	9100	9050	7750	PE	24/04/2014	NIFTY	00:00:02
20/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:56:34	11:56:31	11:56:34	1505.05	1505.05	1505.05	7750	7750	7850	5150	CE	29/05/2014	NIFTY	00:00:03
10/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	14:59:51	14:59:55	14:59:55	1056.25	1056.25	1056.25	6450	6600	6450	5550	CE	29/05/2014	NIFTY	00:00:04
21/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:12:02	11:11:59	11:12:02	1092.35	1092.35	1092.35	9250	9250	9350	5550	CE	29/05/2014	NIFTY	00:00:03
21/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:17:06	11:17:08	11:17:08	1106.4	1106.4	1106.4	8950	9000	8950	7750	PE	29/05/2014	NIFTY	00:00:02
12/06/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	14:43:59	14:44:03	14:44:03	2445.25	2445.25	2445.25	2300	2300	2350	5150	CE	26/06/2014	NIFTY	00:00:04
12/06/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	14:22:38	14:22:27	14:22:38	2430.25	2430.25	2430.25	3300	3350	3300	5250	CE	26/06/2014	NIFTY	00:00:11
12/06/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	14:22:38	14:21:49	14:22:38	2428	2430.25	2428	50	3350	50	5250	CE	26/06/2014	NIFTY	00:00:49
12/05/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:27:20	11:27:23	11:27:23	1503.35	1503.35	1503.35	50	50	50	5450	CE	26/06/2014	NIFTY	00:00:03
25/06/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:53:36	12:53:29	12:53:36	2150.65	2150.65	2150.65	3600	3600	3600	5450	CE	26/06/2014	NIFTY	00:00:07
25/06/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:38:56	12:39:02	12:39:02	1807.5	1807.5	1807.5	4550	4550	4550	5750	CE	26/06/2014	NIFTY	00:00:06
25/06/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:46:58	12:46:58	12:46:58	163.1	163.1	163.1	4350	4800	4800	7750	PE	26/06/2014	NIFTY	00:00:00
25/04/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	14:00:54	14:00:58	14:00:58	1180.25	1180.25	1180.25	4250	4500	4250	8050	PE	26/06/2014	NIFTY	00:00:04
14/07/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	14:01:05	14:01:09	14:01:09	1696.5	1696.5	1696.5	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:04
15/07/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	14:40:52	14:40:57	14:40:57	1075.25	1075.25	1075.25	4250	4500	4250	6450	CE	28/08/2014	NIFTY	00:00:05
21/08/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:04:39	12:04:42	12:04:42	1422.85	1422.85	1422.85	4250	4500	4250	6450	CE	28/08/2014	NIFTY	00:00:03
15/07/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	14:51:40	14:51:34	14:51:40	1029.25	1029.25	1029.25	4950	4950	5150	6550	CE	28/08/2014	NIFTY	00:00:06
21/08/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:56:39	11:56:36	11:56:39	1370.5	1370.5	1370.5	4950	4950	5000	6550	CE	28/08/2014	NIFTY	00:00:03
16/07/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:08:48	12:08:44	12:08:48	972.35	972.35	972.35	4550	4550	4750	6650	CE	28/08/2014	NIFTY	00:00:04
21/08/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:07:26	12:07:21	12:07:26	1273.15	1273.15	1273.15	4550	4550	4700	6650	CE	28/08/2014	NIFTY	00:00:05
22/09/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	14:29:00	14:28:51	14:29:00	1623.5	1623.5	1623.5	5050	5050	5050	6550	CE	25/09/2014	NIFTY	00:00:09
21/08/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:10:03	12:10:07	12:10:07	796.85	796.85	796.85	4950	5000	4950	8750	PE	25/09/2014	NIFTY	00:00:04
13/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:06:19	12:05:59	12:06:19	1018.35	1018.35	1018.35	5000	5000	5150	6850	CE	30/10/2014	NIFTY	00:00:20
16/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	10:54:59	10:54:48	10:54:59	1039.25	1039.25	1039.25	3850	3850	4000	6850	CE	30/10/2014	NIFTY	00:00:11

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_order
13/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:08:28	12:08:20	12:08:28	824.15	824.15	824.15	6150	6150	6500	7050	CE	30/10/2014	NIFTY	00:00:08
16/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	15:16:13	15:16:09	15:16:13	735.25	735.25	735.25	200	200	200	7050	CE	30/10/2014	NIFTY	00:00:04
16/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	10:58:57	10:58:45	10:58:57	840.35	840.35	840.35	3300	3300	3450	7050	CE	30/10/2014	NIFTY	00:00:12
13/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:11:03	12:11:12	12:11:12	1063.45	1063.45	1063.45	6950	7150	6950	8950	PE	30/10/2014	NIFTY	00:00:09
16/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:02:12	11:02:25	11:02:25	1038.45	1038.45	1038.45	1500	1750	1500	8950	PE	30/10/2014	NIFTY	00:00:13
13/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:13:57	12:14:08	12:14:08	909.55	909.55	909.55	8250	8500	8250	6950	CE	27/11/2014	NIFTY	00:00:11
16/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:12:40	11:10:11	11:12:40	732.65	732.65	732.65	9350	9350	9500	7250	CE	27/11/2014	NIFTY	00:02:29
13/10/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	12:16:01	12:16:23	12:16:23	1398.05	1398.05	1398.05	6750	6900	6750	9350	PE	27/11/2014	NIFTY	00:00:22

40.3.9. I note from the above table that Noticee 1 entered into 34 self-trades during 10.03.2014 to 16.10.2014 in Nifty index options contracts. In this regard, I note from the analysis as brought out in table above that the time difference between buy and sell orders of Noticee 1, in 30 out of aforesaid 34 self-trades was in the range of 0 to 13 seconds.

40.3.10. I note from the above table that in 33 out of total 34 of the above trades, Noticee 1 had placed simultaneous buy and sell orders at the same price in contracts of Nifty index options repetitively during 10.03.2014 to 16.10.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 20.03.2014, Noticee 1 placed a limit sell order at 11:52:35 AM for quantity 9300 in NIFTY-5050-CE (expiry date - 24/04/2014) at price Rs.1568.5; and within three seconds i.e. at 11:52:38 AM, Noticee 1 placed a limit buy order for quantity 9250 at exactly the same price in the same contract resulting in the order getting executed at 11:52:38 AM for quantity 9250 at price Rs.1568.5.

40.3.11. Likewise was the pattern of Noticee 1 for the trades on other trading days as evident from the details in Table above. I note from material available on record that Noticee 1 had entered into self-trades for 172350 quantity being Rs. 19350443 in value.

40.3.12. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 1 involving precise orders placement on both buy side as well as sell side considering proximity of

time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 1 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*' Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '*...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...*'.

40.3.13. This apart, from the analysis of the square off trades between Noticee 1 and Noticee 30, as pairs and self-trades of Noticee 1 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter the square off trades, either of the Noticees or both Noticee 1 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 1 and Noticee 30, as pairs, are given as under:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif_buy_sell_ord
12/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:34:49	14:34:53	14:34:53	1473.65	1473.65	1473.65	9250	9500	9250	5050	CE	24/04/2014	NIFTY	00:00:04
14/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:20:16	11:20:13	11:20:16	1546.35	1546.35	1546.35	5050	5050	5500	5050	CE	24/04/2014	NIFTY	00:00:03
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	10:23:26	10:23:23	10:23:26	1641.25	1641.25	1641.25	4200	4200	4500	5050	CE	24/04/2014	NIFTY	00:00:03
19/03/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	10:20:19	10:20:14	10:20:19	1573.65	1573.65	1573.65	9250	9250	9300	5050	CE	24/04/2014	NIFTY	00:00:05
20/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:52:38	11:52:35	11:52:38	1568.5	1568.5	1568.5	9250	9250	9300	5050	CE	24/04/2014	NIFTY	00:00:03

- 40.3.14. I note from the above trade details that on 12/03/2014 in NIFTY-5050-CE (expiry date - 24/04/2014), Noticee 1 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 9250 at price of Rs. 1473.65. This trade for quantity 9250 was squared off between Noticee 1 (Seller) and Noticee 30 (Buyer) through two trades viz., on 14/03/2014, Noticee 1 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 5050 at price of Rs. 1546.35 and on 18/03/2014 for 4200 at price of Rs. 1641.25.
- 40.3.15. Thereafter, I note that Noticee 30 carried out a self-trade for same quantity on next day itself viz., on 19/03/2014, Noticee 30 placed a limit sell order at 10:20:14 AM for quantity of 9300 in NIFTY-5050-CE (expiry date - 24/04/2014) at price of Rs.1573.65; and within five seconds i.e. at 10:20:19 AM, Noticee 30 synchronized its trades and placed a limit buy order for the same quantity as that of square off trades i.e. 9250 at exactly the same price as that of his sell order i.e. Rs. 1573.65. The orders got executed at 10:20:19 AM for the quantity of 9250 at the price of Rs.1573.65.
- 40.3.16. Likewise, it is observed that one day later, Noticee 1 carried out a self trade for exact same quantity as that of the squared off trades i.e., on 20/03/2014, Noticee 1 placed a limit sell order at 11:52:35 AM for quantity of 9300 in NIFTY-5050-CE (expiry date - 24/04/2014) at price of Rs.1568.5; and within three seconds i.e. at 11:52:38 AM, Noticee 1 synchronized its trades and placed a limit buy order for the same quantity as that of square off trades i.e. 9250 at exactly the same price as that of his sell order i.e. Rs.1568.5. The orders got executed at 11:52:38 AM for the quantity of 9250 at the price of Rs.1568.5.
- 40.3.17. I am of the view that it cannot be a mere coincidence that both the Noticees, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same quantity within a day or two in the same options contract. Similar pattern was observed on other days as well.

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif_bu_y_sell_ord
10/03/2014	RAJENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:19:47	14:19:52	14:19:52	1085.25	1085.25	1085.25	9050	9500	9050	7750	PE	24/04/2014	NIFTY	00:00:05

12/03/2014	NIRSHILP SECURITIES PVT. LTD.	RAJENDRA D. SHAH	11:34:40	11:34:36	11:34:40	1199.75	1199.75	1199.75	9050	9050	9100	7750	PE	24/04/2014	NIFTY	00:00:04
19/03/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	10:30:45	10:30:42	10:30:45	1182.25	1182.25	1182.25	9050	9050	9100	7750	PE	24/04/2014	NIFTY	00:00:03
21/03/2014	RAJENDRA D. SHAH	RAJENDRA D. SHAH	11:14:52	11:14:54	11:14:54	1146.55	1146.55	1146.55	9050	9100	9050	7750	PE	24/04/2014	NIFTY	00:00:02

- 40.3.18. I note from the above trade details that on 10/03/2014 in NIFTY-7750-PE (expiry date - 24/04/2014), Noticee 1 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 9050 at price of Rs. 1085.25. This trade for quantity 9050 was squared off between Noticee 1 and Noticee 30 on 12/03/2014 wherein Noticee 1 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 9050 at price of Rs. 1199.75.
- 40.3.19. It is observed that both Noticee 1 and Noticee 30 carried out self-trades for exact same quantity of 9050 (being the square off quantity in the same nifty options contract) just within a few days after the square off trades.
- 40.3.20. I note that Noticee 30 carried out a self-trade for same quantity on 19/03/2014 i.e. Noticee 30 placed a limit sell order at 10:30:42 AM for quantity of 9100 in NIFTY-7750-PE (expiry date - 24/04/2014), at price of Rs.1182.25; and within three seconds i.e. at 10:30:45AM, Noticee 30 synchronized its trades and placed a limit buy order for the same quantity as that of square off trades i.e. 9050 at exactly the same price as that of his sell order i.e. Rs. 1182.25. The orders got executed at 10:30:45 AM for the quantity of 9050 at the price of Rs.1182.25.
- 40.3.21. Likewise, it is observed that two days later, Noticee 1 carried out a self-trade for same quantity i.e. on 21/03/2014 Noticee 1 placed a limit buy order at 11:14:52 AM for quantity of 9100 in NIFTY-7750-PE (expiry date - 24/04/2014), at price of Rs.1146.55; and within two seconds i.e. at 11:14:54 AM, Noticee 1 synchronized its trades and placed a limit sell order for the same quantity as that of square off trades i.e. 9050 at exactly the same price as that of his sell order i.e. Rs.1146.55. The orders got executed at 11:14:54 AM for the quantity of 9050 at the price of Rs.1146.55.
- 40.3.22. In view thereof, considering that Noticee 1 and 30 had entered into 57 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed

within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 1 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades. Further, by entering into 34 self-trades, Noticee 1 created misleading appearance of trading in illiquid NIFTY option contracts.

#### 40.4. Trades between Noticee 2 and Noticee 30:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
20/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:41:56	11:41:59	11:41:59	1822.45	1822.45	1822.45	2700	2950	2700	5450	CE	26/06/2014	NIFTY	00:00:03
22/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	14:30:33	14:30:29	14:30:33	1903.15	1903.15	1903.15	2700	2700	2950	5450	CE	26/06/2014	NIFTY	00:00:04
23/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:31:28	10:31:22	10:31:28	1992.65	1992.65	1992.65	2700	2700	2850	5450	CE	26/06/2014	NIFTY	00:00:06
30/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:48:21	13:48:25	13:48:25	1758.25	1758.25	1758.25	2700	2850	2700	5450	CE	26/06/2014	NIFTY	00:00:04
21/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	14:11:28	14:11:26	14:11:28	1363.75	1363.75	1363.75	3650	3650	4050	5550	CE	26/06/2014	NIFTY	00:00:02
23/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:54:36	11:54:45	11:54:45	1326.2	1326.2	1326.2	3650	3750	3650	5550	CE	26/06/2014	NIFTY	00:00:09
16/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:03:50	14:03:52	14:03:52	1096.85	1096.85	1096.85	4450	4550	4450	5650	CE	26/06/2014	NIFTY	00:00:02
21/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	13:37:05	13:37:00	13:37:05	1255.65	1255.65	1255.65	4450	4450	4500	5650	CE	26/06/2014	NIFTY	00:00:05
22/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	14:41:51	14:41:48	14:41:51	1695.75	1695.75	1695.75	2900	2900	3150	5650	CE	26/06/2014	NIFTY	00:00:03
30/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:39:20	13:39:23	13:39:23	1573.65	1573.65	1573.65	2900	3050	2900	5650	CE	26/06/2014	NIFTY	00:00:03
10/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:21:03	12:21:05	12:21:05	1114.25	1114.25	1114.25	4400	4550	4400	5750	CE	26/06/2014	NIFTY	00:00:02
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:11:26	11:11:24	11:11:26	1151.35	1151.35	1151.35	4400	4400	4500	5750	CE	26/06/2014	NIFTY	00:00:02
06/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:39:13	10:39:16	10:39:16	1138.75	1138.75	1138.75	4300	4500	4300	7950	PE	26/06/2014	NIFTY	00:00:03
07/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	12:17:23	12:17:20	12:17:23	1246.45	1246.45	1246.45	4300	4300	4550	7950	PE	26/06/2014	NIFTY	00:00:03
25/04/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:32:10	14:32:12	14:32:12	1257.9	1257.9	1257.9	3950	4050	3950	8150	PE	26/06/2014	NIFTY	00:00:02
29/04/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:33:15	11:33:13	11:33:15	1395.8	1395.8	1395.8	3950	3950	4100	8150	PE	26/06/2014	NIFTY	00:00:02
07/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:30:46	10:30:43	10:30:46	1426.45	1426.45	1426.45	3450	3450	3650	8150	PE	26/06/2014	NIFTY	00:00:03
09/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:17:40	10:17:43	10:17:43	1337.65	1337.65	1337.65	3450	3600	3450	8150	PE	26/06/2014	NIFTY	00:00:03
09/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:08:26	11:08:29	11:08:29	1006.05	1006.05	1006.05	4950	5100	4950	5750	CE	31/07/2014	NIFTY	00:00:03
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:17:33	11:17:35	11:17:35	1315.25	1315.25	1315.25	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:02
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:18:17	11:18:19	11:18:19	1390.75	1390.75	1390.75	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:02
13/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:18:50	11:18:52	11:18:52	1423.85	1423.85	1423.85	50	50	50	5750	CE	31/07/2014	NIFTY	00:00:02
14/05/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:09:27	11:09:24	11:09:27	1496.35	1496.35	1496.35	4800	4800	5050	5750	CE	31/07/2014	NIFTY	00:00:03
30/05/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:59:48	13:59:52	13:59:52	1495.15	1495.15	1495.15	3350	3500	3350	5750	CE	31/07/2014	NIFTY	00:00:04

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
10/06/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:30:54	10:30:52	10:30:54	1925.75	1925.75	1925.75	3350	3350	3500	5750	CE	31/07/2014	NIFTY	00:00:02
16/06/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	14:01:15	14:01:14	14:01:15	791.75	791.75	791.75	6250	6250	6500	8350	PE	28/08/2014	NIFTY	00:00:01
20/06/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:44:33	11:44:40	11:44:40	667.25	667.25	667.25	6250	6500	6250	8350	PE	28/08/2014	NIFTY	00:00:07
30/06/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:21:24	14:21:29	14:21:29	1205.2	1205.2	1205.2	4050	4250	4050	6400	CE	25/09/2014	NIFTY	00:00:05
02/07/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	13:49:25	13:49:20	13:49:25	1441.35	1441.35	1441.35	4050	4050	4250	6400	CE	25/09/2014	NIFTY	00:00:05
14/07/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	13:39:54	13:39:48	13:39:54	941.75	941.75	941.75	5250	5250	5500	8450	PE	25/09/2014	NIFTY	00:00:06
16/07/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:40:50	11:40:56	11:40:56	766.45	766.45	766.45	5250	5500	5250	8450	PE	25/09/2014	NIFTY	00:00:06
18/08/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:24:52	14:24:57	14:24:57	1150.85	1150.85	1150.85	8450	8700	8450	6750	CE	30/10/2014	NIFTY	00:00:05
20/08/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	12:03:50	12:03:35	12:03:50	1256.15	1256.15	1256.15	8450	8450	8500	6750	CE	30/10/2014	NIFTY	00:00:15
13/08/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:50:36	11:50:41	11:50:41	920.85	920.85	920.85	9250	9450	9250	6850	CE	30/10/2014	NIFTY	00:00:05
18/08/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	11:52:52	11:52:47	11:52:52	1101.25	1101.25	1101.25	9250	9250	9500	6850	CE	30/10/2014	NIFTY	00:00:05
27/08/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	12:40:18	12:40:15	12:40:18	1077.25	1077.25	1077.25	9250	9250	9500	9050	PE	30/10/2014	NIFTY	00:00:03
01/09/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:14:42	12:14:47	12:14:47	933.75	933.75	933.75	9250	9350	9250	9050	PE	30/10/2014	NIFTY	00:00:05
08/09/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	15:05:29	15:05:44	15:05:44	952.75	952.75	952.75	9050	9100	9050	9250	PE	30/10/2014	NIFTY	00:00:15
10/09/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:55:33	10:55:18	10:55:33	1115.05	1115.05	1115.05	9050	9050	9250	9250	PE	30/10/2014	NIFTY	00:00:15
08/10/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:59:37	14:00:00	14:00:00	720.85	720.85	720.85	9250	9400	9250	7150	CE	27/11/2014	NIFTY	00:00:23
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	10:16:56	10:16:39	10:16:56	892.25	892.25	892.25	5200	5200	5500	7150	CE	27/11/2014	NIFTY	00:00:17
10/10/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	9:57:15	9:57:10	9:57:15	846.15	846.15	846.15	4050	4050	4200	7150	CE	27/11/2014	NIFTY	00:00:05
16/10/2014	HARENDRA D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:41:27	13:41:40	13:41:40	741.15	741.15	741.15	8350	8550	8350	7150	CE	24/12/2014	NIFTY	00:00:13
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	15:12:20	15:12:02	15:12:20	882	883.75	882	50	8350	50	7150	CE	24/12/2014	NIFTY	00:00:18
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	15:12:20	15:11:49	15:12:20	883.75	883.75	883.75	8300	8350	8550	7150	CE	24/12/2014	NIFTY	00:00:31
04/12/2014	NIRSHILP SECURITIES PVT. LTD.	HARENDRA D. SHAH	12:04:00	12:03:28	12:04:00	1060	1060	1060	50	50	50	8600	CE	31/12/2015	NIFTY	00:00:32

40.4.1. I note from the material available on record as also is evident from the above table that Noticee 2 and Noticee 30 entered into 46 trades between themselves during 10.04.2014 to 04.12.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. From the analysis of said trades between the said pair of Noticee 2 and Noticee 30, I also note that the time difference between buy and sell orders of Noticee 2 and Noticee 30 in all 46 trades was in the range of 1 to 32 seconds. Noticee 2 and Noticee 30 squared off the initial position in short period of time, mostly within one or two trading days.

40.4.2. To illustrate the pattern adopted by Noticee 2 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 2, as pairs, as observed from analysis of trade log, as example, is given below:

- 40.4.3. On 20.05.2014 (first leg), Noticee 2 placed a buy order at 11:41:56 for quantity 2950 in NIFTY-5450-CE (expiry date - 26/06/2014) at price Rs.1822.45; exactly within three seconds i.e. at 11:41:59, Noticee 30 placed a sell order for quantity 2700 at the exact same price as that of Noticee 2 viz., Rs.1822.45 resulting in the orders getting executed at 11:41:59 for quantity 2700 at price Rs.1822.45. Noticee 2 and Noticee 30 squared off this trade on 22.05.2014 (second leg). On 22.05.2014, Noticee 2 placed sell order at 14:30:29 for quantity 2950 at price Rs.1903.15; after four seconds i.e. at 14:30:33, Noticee 30 placed buy order for quantity 2700 at the exact same price as that of Noticee 2 viz., Rs.1903.15 resulting in the orders getting executed at 10:30:33 for quantity 2700 at price Rs.1903.15. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 20.05.2014 and second leg on 22.05.2014 were placed within three and four seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date - 26/06/2014) between Noticee 2 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 22.05.2014 by trading in similar synchronized manner and booking of loss and profit by Noticee 30 and Noticee 2 of Rs.2, 17,890/- respectively.
- 40.4.4. I note from the above table that Noticee 2 and Noticee 30 traded in similar manner repetitively during 10.04.2014 to 04.12.2014.
- 40.4.5. I also note from the analysis of trade data as also evident from table above that out of total 46 trades between the said pair of Noticee 2 and Noticee 30 during the IP, in all trades save for just few instances, it was Noticee 2 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity. To cite as instance, out of total 46 instances of trades as in table above, Noticee 2 had placed the orders first in 43 out of 46 instances including as buyer and seller.



- 40.4.6. I also note from the table above that in all the 46 trades irrespective of Noticee 2 came as buyer or seller in first leg, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 2 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 2 booking profit, in all the 46 instances of trading between the two during the IP. Total profit/ loss across the squared off trades being Rs. 17888698/-.
- 40.4.7. I note from the table above that Noticee 2 and Noticee 30 had traded between themselves across the expiries from June 2014 to December 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within few trading days. For example, in the months of April and May 2014, they took positions in placed and call options of different strike rates of Nifty index options for expiry date of 26.06.2014 and squared off the same within few trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to make a loss after squaring off its position, it did not wait till expiry and booked a loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 2 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 2.
- 40.4.8. **As regards Noticee 2, it was also alleged that Noticee 2 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

## Self trades of Noticee 2:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell
12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:19:25	14:18:49	14:19:25	2215.35	2215.35	2215.35	2700	2700	2700	5450	CE	26/06/2014	NIFTY	00:00:36
25/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:34:29	12:34:24	12:34:29	2155.25	2155.25	2155.25	2700	2700	2700	5450	CE	26/06/2014	NIFTY	00:00:05
24/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:37:40	14:37:44	14:37:44	2013.25	2013.25	2013.25	3650	3650	3650	5550	CE	26/06/2014	NIFTY	00:00:04
25/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:56:18	12:56:22	12:56:22	2011.35	2011.35	2011.35	3650	3650	3650	5550	CE	26/06/2014	NIFTY	00:00:04
25/04/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	13:55:42	13:55:38	13:55:42	1237.75	1237.75	1237.75	4450	4450	4600	5650	CE	26/06/2014	NIFTY	00:00:04
12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:49:17	14:49:29	14:49:29	1955.45	1955.45	1955.45	2850	2850	2900	5650	CE	26/06/2014	NIFTY	00:00:12
12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:47:06	14:49:29	14:49:29	1959.1	1959.1	1955.45	50	50	2900	5650	CE	26/06/2014	NIFTY	00:02:23
25/04/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	13:53:51	13:53:48	13:53:51	1144.15	1144.15	1144.15	4400	4400	4500	5750	CE	26/06/2014	NIFTY	00:00:03
12/05/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	11:18:39	11:18:37	11:18:39	990.4	990.4	990.4	4250	4250	4350	7950	PE	26/06/2014	NIFTY	00:00:02
12/05/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	11:16:14	11:16:10	11:16:14	991.1	991.1	991.1	50	50	50	7950	PE	26/06/2014	NIFTY	00:00:04
12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:06:28	14:06:29	14:06:29	486.25	486.25	486.25	550	550	550	8150	PE	26/06/2014	NIFTY	00:00:01
12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:04:26	14:04:29	14:04:29	470.1	470.1	470.1	50	50	50	8150	PE	26/06/2014	NIFTY	00:00:03
12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:09:34	14:10:23	14:10:23	475.2	475.2	475.2	850	850	850	8150	PE	26/06/2014	NIFTY	00:00:49
12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:07:38	14:08:33	14:08:33	470.35	470.35	470.35	2000	2000	2000	8150	PE	26/06/2014	NIFTY	00:00:55
25/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:36:44	12:36:40	12:36:44	585.45	585.45	585.45	3950	3950	3950	8150	PE	26/06/2014	NIFTY	00:00:04
12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:15:56	14:15:58	14:15:58	1880.45	1880.45	1880.45	4950	5050	4950	5750	CE	31/07/2014	NIFTY	00:00:02
12/06/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:53:01	14:53:03	14:53:03	1882.25	1882.25	1882.25	3350	3350	3350	5750	CE	31/07/2014	NIFTY	00:00:02
17/07/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	13:54:41	13:54:36	13:54:41	685.45	685.45	685.45	6250	6250	6500	8350	PE	28/08/2014	NIFTY	00:00:05
21/08/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	11:52:31	11:52:28	11:52:31	458	458	458	6150	6150	6200	8350	PE	28/08/2014	NIFTY	00:00:03
21/08/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	11:37:41	11:36:39	11:37:41	440	440	440	100	100	100	8350	PE	28/08/2014	NIFTY	00:01:02
22/09/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:25:37	14:25:01	14:25:37	1741.25	1741.25	1741.25	4050	4050	4050	6400	CE	25/09/2014	NIFTY	00:00:36
22/09/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:32:15	14:31:37	14:32:15	295.1	295.1	295.1	5250	5250	5250	8450	PE	25/09/2014	NIFTY	00:00:38
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:13:44	12:14:00	12:14:00	1312	1312	1311.75	50	50	8450	6750	CE	30/10/2014	NIFTY	00:00:16
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:13:34	12:14:00	12:14:00	1311.75	1311.75	1311.75	8400	8450	8450	6750	CE	30/10/2014	NIFTY	00:00:26
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:16:17	12:16:01	12:16:17	1247	1247.1	1247	50	9250	50	6850	CE	30/10/2014	NIFTY	00:00:16
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:16:17	12:15:52	12:16:17	1247.1	1247.1	1247.1	9200	9250	9250	6850	CE	30/10/2014	NIFTY	00:00:25
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:18:07	12:18:18	12:18:18	953	953	952.45	50	50	9250	9050	PE	30/10/2014	NIFTY	00:00:11
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:18:00	12:18:18	12:18:18	952.45	952.45	952.45	9200	9250	9250	9050	PE	30/10/2014	NIFTY	00:00:18
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:20:25	12:20:10	12:20:25	1203	1203.15	1203	50	9050	50	9250	PE	30/10/2014	NIFTY	00:00:15
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:20:25	12:20:01	12:20:25	1203.15	1203.15	1203.15	9000	9050	9050	9250	PE	30/10/2014	NIFTY	00:00:24
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:18:42	14:18:52	14:18:52	933	933	932.3	50	50	4050	7150	CE	27/11/2014	NIFTY	00:00:10
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:22:32	12:22:46	12:22:46	938	938	937.85	50	50	5200	7150	CE	27/11/2014	NIFTY	00:00:14
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	14:18:36	14:18:52	14:18:52	932.3	932.3	932.3	4000	4050	4050	7150	CE	27/11/2014	NIFTY	00:00:16
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:22:26	12:22:46	12:22:46	937.85	937.85	937.85	5150	5200	5200	7150	CE	27/11/2014	NIFTY	00:00:20
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:25:14	12:24:57	12:25:14	1044	1044.75	1044	50	8350	50	7150	CE	24/12/2014	NIFTY	00:00:17
29/10/2014	HARENDRA D. SHAH	HARENDRA D. SHAH	12:25:14	12:24:47	12:25:14	1044.75	1044.75	1044.75	8300	8350	8350	7150	CE	24/12/2014	NIFTY	00:00:27

40.4.9. I note from the above table that Noticee 2 entered into 36 self-trades during 25.04.2014 to 29.10.2014 in Nifty index options contracts. I also

note that the time difference between buy and sell orders of Noticee 2 in 32 out of aforesaid 36 self-trades was in the range of 1 to 38 seconds.

- 40.4.10. I note from the above table that in each of the above trades, Noticee 2 had placed simultaneous buy and sell orders in contracts of Nifty index options (at the same price on 28 instances out of aforesaid 36 instances) repetitively during 25.04.2014 to 29.10.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 12.06.2014, Noticee 2 placed a limit sell order at 14:18:49 PM for quantity 2700 in NIFTY-5450-CE (expiry date - 26/06/2014) at price Rs.2215.35; and within thirty six seconds i.e. at 14:19:25 PM, Noticee 2 placed a limit buy order for the same quantity at exactly the same price in the same contract resulting in the orders getting executed at 14:19:25 PM for quantity 2700 at price Rs.2215.35.
- 40.4.11. Likewise was the pattern of Noticee 2 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 2 had entered into self-trades for 119950 quantity being Rs. 142106047.5 in value.
- 40.4.12. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 2 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 2 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that

*'...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...'*

40.4.13. This apart, from the analysis of the square off trades between Noticee 2 and Noticee 30, as pairs and self-trades of Noticee 2 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter the square off trades, either of the Noticees or both Noticee 2 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 2 and Noticee 30, as pairs, are given as under:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strik_e_price	Optio_n	Expiry_date	Symbol	Trd_diff_buy_sell_ord
20/05/2014	HARENDR A D. SHAH	NIRSHILP SECURITI ES PVT. LTD.	11:41:56	11:41:59	11:41:59	1822.5	1822.5	1822.5	2700	2950	2700	5450	CE	26/06/2014	NIFTY	00:00:03
22/05/2014	NIRSHILP SECURITI ES PVT LTD	HARENDR A D. SHAH	14:30:33	14:30:29	14:30:33	1903.2	1903.2	1903.2	2700	2700	2950	5450	CE	26/06/2014	NIFTY	00:00:04
23/05/2014	NIRSHILP SECURITI ES PVT LTD	HARENDR A D. SHAH	10:31:28	10:31:22	10:31:28	1992.7	1992.7	1992.7	2700	2700	2850	5450	CE	26/06/2014	NIFTY	00:00:06
30/05/2014	HARENDR A D. SHAH	NIRSHILP SECURITI ES PVT. LTD.	13:48:21	13:48:25	13:48:25	1758.3	1758.3	1758.3	2700	2850	2700	5450	CE	26/06/2014	NIFTY	00:00:04
10/06/2014	NIRSHILP SECURITI ES PVT LTD	NIRSHILP SECURITI ES PVT LTD	10:46:00	10:46:03	10:46:03	2108.1	2108.1	2108.1	2700	2850	2700	5450	CE	26/06/2014	NIFTY	00:00:03
12/06/2014	HARENDR A D. SHAH	HARENDR A D. SHAH	14:19:25	14:18:49	14:19:25	2215.4	2215.4	2215.4	2700	2700	2700	5450	CE	26/06/2014	NIFTY	00:00:36
24/06/2014	NIRSHILP SECURITI ES PVT. LTD.	NIRSHILP SECURITI ES PVT. LTD.	12:25:53	12:25:47	12:25:53	2152.4	2152.4	2152.4	2700	2700	2700	5450	CE	26/06/2014	NIFTY	00:00:06
25/06/2014	HARENDR A D. SHAH	HARENDR A D. SHAH	12:34:29	12:34:24	12:34:29	2155.3	2155.3	2155.3	2700	2700	2700	5450	CE	26/06/2014	NIFTY	00:00:05

40.4.14. I note from the above trade details that there were two square off trades (involving 4 synchronized trades) and two instances of self trades of same quantity as that of the square off trades by both Noticee 2 and Noticee 30.

40.4.15. As regards first square off trade, on 20/05/2014 in NIFTY-5450-CE (expiry date - 24/06/2014), Noticee 2 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 2700 at price of Rs. 1822.5. This trade for quantity 2700 was squared off between Noticee 1 and Noticee 30 on

22/05/2014 wherein Noticee 1 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 2700 at price of Rs. 1903.2.

- 40.4.16. After the first square off trades, on next day i.e. on 23/05/2014, Noticee 2 (Seller) and Noticee 30 (Buyer) carried out another trade for same quantity of 2700 at a price of Rs. 1992.7. This trade was again squared off within few days i.e. on 30/05/2014 wherein Noticee 2 (Buyer) and Noticee 30 (Seller) carried out a trade for same quantity of 2700 at a price of Rs. 1758.3.
- 40.4.17. It is observed that both Noticee 2 and Noticee 30 carried out self-trades for exact same quantity of 2700 (being the square off quantity in the same nifty options contract) within a few days after the square off trades.
- 40.4.18. I note that Noticee 30 carried out two self-trades for same quantity, the first self-trade being on 10/06/2014 i.e. Noticee 30 placed a limit buy order at 10:46:00 AM for quantity of 2700 in NIFTY-5450-CE (expiry date - 24/06/2014), at price of Rs.2108.05; and within three seconds i.e. at 10:46:03AM, Noticee 30 synchronized its trades and placed a limit sell order for marginally varying quantity as that of square off trades i.e. 2850 at exactly the same price as that of his buy order i.e. Rs. 2108.05. The orders got executed at 10:46:03 AM for the quantity of 2700 at the price of Rs.2108.05.
- 40.4.19. The second self-trade was on 24/06/2014 i.e. Noticee 30 placed a limit sell order at 12:25:47 PM for quantity of 2700 in NIFTY-5450-CE (expiry date - 24/06/2014), at price of Rs.2152.35; and within six seconds i.e. at 12:25:53 PM, Noticee 30 synchronized its trades and placed a limit buy order for exact same quantity as that of its square off trades at exactly the same price as that of his sell order i.e. Rs. 2108.05. The orders got executed at 12:25:53 AM for the quantity of 2700 at the price of Rs.2152.35.
- 40.4.20. Likewise, it is observed that Noticee 2 also carried out two self-trades for same quantity as that of the squared off trades. First self-trade being on 12/06/2014 wherein Noticee 2 placed a limit sell order at 14:18:49 PM for quantity of 2700 in NIFTY-5450-CE (expiry date - 24/06/2014), at price of

Rs.2215.35; and within thirty six seconds i.e. at 14:19:25 PM, Noticee 2 synchronized its trades and placed a limit sell order for the same quantity as that of square off trades i.e. 2700 at exactly the same price as that of his buy order i.e. Rs.2215.35. The orders got executed at 14:19:25 PM for the quantity of 2700 at the price of Rs.2215.35.

40.4.21. Thereafter, Noticee 2 carried out another self-trade on 25/06/2014 wherein Noticee 2 placed a limit sell order at 12:34:24 PM for quantity of 2700 in NIFTY-5450-CE (expiry date - 24/06/2014), at price of Rs.2155.25; and within five seconds i.e. at 12:34:29 PM, Noticee 2 synchronized its trades and placed a limit buy order for the same quantity as that of square off trades i.e. 2700 at exactly the same price as that of his sell order i.e. Rs.2155.25. The orders got executed at 12:34:29 PM for the quantity of 2700 at the price of Rs.2155.25.

40.4.22. I am of the view that it cannot be a mere coincidence that both the Noticees, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same quantity within few days in the same options contract. Similar pattern was observed on other days as well.

40.4.23. In view thereof, considering that Noticee 2 and 30 had entered into 46 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 2 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades. Further, by entering into 36 self-trades, Noticee 2 created misleading appearance of trading in illiquid NIFTY option contracts.

## 40.5. Trades between Noticee 3 and Noticee 30:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_buy_sell_ord
16/04/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	14:14:57	14:15:01	14:15:01	988.45	988.45	988.45	5050	5150	5050	5750	CE	29/05/2014	NIFTY	00:00:04
21/04/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	13:43:06	13:43:03	13:43:06	1142.35	1142.35	1142.35	5050	5050	5250	5750	CE	29/05/2014	NIFTY	00:00:03
10/04/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	12:32:10	12:32:51	12:32:51	993.35	993.35	993.35	4800	5050	4800	7950	PE	29/05/2014	NIFTY	00:00:41
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:19:10	11:19:07	11:19:10	1207.75	1207.75	1207.75	4800	4800	5050	7950	PE	29/05/2014	NIFTY	00:00:03
06/05/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R SHAH	10:53:30	10:53:28	10:53:30	1672.35	1672.35	1672.35	2950	2950	3050	5150	CE	26/06/2014	NIFTY	00:00:02
07/05/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	12:24:32	12:24:34	12:24:34	1550.45	1550.45	1550.45	2950	3100	2950	5150	CE	26/06/2014	NIFTY	00:00:02
21/05/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:37:33	11:37:29	11:37:33	2106.75	2106.75	2106.75	2350	2350	2450	5250	CE	26/06/2014	NIFTY	00:00:04
30/05/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	13:44:44	13:44:50	13:44:50	1970.35	1970.35	1970.35	2350	2500	2350	5250	CE	26/06/2014	NIFTY	00:00:06
21/04/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	13:56:11	13:56:28	13:56:28	1131.25	1131.25	1131.25	4400	4550	4400	8050	PE	26/06/2014	NIFTY	00:00:17
23/04/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R SHAH	12:01:36	12:01:33	12:01:36	1162.95	1162.95	1162.95	4400	4400	4500	8050	PE	26/06/2014	NIFTY	00:00:03
09/05/2014	NIRSHILP SECURITIES PVT LTD	DHAVAL R. SHAH	10:34:30	10:34:29	10:34:30	1445.25	1445.25	1445.25	3450	3450	3600	8200	PE	26/06/2014	NIFTY	00:00:01
13/05/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	11:31:54	11:31:56	11:31:56	975.25	975.25	975.25	3400	3500	3400	8200	PE	26/06/2014	NIFTY	00:00:02
13/05/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	11:31:25	11:31:28	11:31:28	978.35	978.35	978.35	50	50	50	8200	PE	26/06/2014	NIFTY	00:00:03
16/06/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	14:06:55	14:07:02	14:07:02	1205.85	1205.85	1205.85	4100	4350	4100	6350	CE	28/08/2014	NIFTY	00:00:07
18/06/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:53:47	14:53:44	14:53:47	1380.45	1380.45	1380.45	4100	4100	4300	6350	CE	28/08/2014	NIFTY	00:00:03
20/06/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R SHAH	12:06:39	12:06:34	12:06:39	1330.25	1330.25	1330.25	4150	4150	4300	6350	CE	28/08/2014	NIFTY	00:00:05
23/06/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:54:52	14:54:55	14:54:55	1146.25	1146.25	1146.25	4150	4200	4150	6350	CE	28/08/2014	NIFTY	00:00:03
30/06/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:29:43	14:29:37	14:29:43	912.15	912.15	912.15	5350	5350	5500	8550	PE	28/08/2014	NIFTY	00:00:06
03/07/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:33:40	14:33:46	14:33:46	730.35	730.35	730.35	5350	5500	5350	8550	PE	28/08/2014	NIFTY	00:00:06
17/07/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	13:51:32	13:51:40	13:51:40	1289.15	1289.15	1289.15	3900	4000	3900	6400	CE	25/09/2014	NIFTY	00:00:08
21/07/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:08:57	11:08:51	11:08:57	1390.85	1390.85	1390.85	3900	3900	4150	6400	CE	25/09/2014	NIFTY	00:00:06
21/07/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:25:39	11:25:44	11:25:44	1155.35	1155.35	1155.35	4300	4500	4300	6550	CE	25/09/2014	NIFTY	00:00:05
12/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	12:28:09	12:28:05	12:28:09	1181.75	1181.75	1181.75	4300	4300	4500	6550	CE	25/09/2014	NIFTY	00:00:04
01/09/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:14:22	14:14:09	14:14:22	1355.15	1355.15	1355.15	4150	4150	4300	6750	CE	30/10/2014	NIFTY	00:00:13
27/08/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	13:58:21	13:58:24	13:58:24	1215.85	1215.85	1215.85	4150	8300	8150	6750	CE	30/10/2014	NIFTY	00:00:03
22/08/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:21:58	12:22:03	12:22:03	997.85	997.85	997.85	9350	9500	9350	6950	CE	30/10/2014	NIFTY	00:00:05
25/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:19:07	11:19:05	11:19:07	1108.25	1108.25	1108.25	9350	9350	9500	6950	CE	30/10/2014	NIFTY	00:00:02
13/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	11:59:27	11:59:21	11:59:27	1262.25	1262.25	1262.25	8150	8150	8300	9050	PE	30/10/2014	NIFTY	00:00:06
18/08/2014	DHAVAL R SHAH	NIRSHILP SECURITIES PVT. LTD.	12:03:47	12:03:52	12:03:52	1102.35	1102.35	1102.35	8150	8300	8150	9050	PE	30/10/2014	NIFTY	00:00:05
18/08/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:29:22	14:29:17	14:29:22	1345.75	1345.75	1345.75	7400	7400	7500	9250	PE	30/10/2014	NIFTY	00:00:05
20/08/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:56:05	14:56:12	14:56:12	1224.75	1224.75	1224.75	7400	7550	7400	9250	PE	30/10/2014	NIFTY	00:00:07
11/09/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:35:07	14:35:13	14:35:13	1002.25	1002.25	1002.25	9350	9500	9350	7150	CE	27/11/2014	NIFTY	00:00:06
16/09/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	12:16:30	12:16:26	12:16:30	1025.45	1025.45	1025.45	9350	9350	9500	7150	CE	27/11/2014	NIFTY	00:00:04
08/10/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:03:04	14:03:32	14:03:32	682.85	682.85	682.85	9350	9500	9350	7250	CE	24/12/2014	NIFTY	00:00:28
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	15:16:07	15:16:10	15:16:10	789.45	789.45	789.45	4750	5000	4750	7250	CE	24/12/2014	NIFTY	00:00:03
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	13:47:19	13:46:58	13:47:19	750.85	750.85	750.85	4600	4600	4700	7250	CE	24/12/2014	NIFTY	00:00:21
13/10/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R. SHAH	14:08:33	14:08:28	14:08:33	1290.65	1290.65	1290.65	7750	7750	7900	9250	PE	24/12/2014	NIFTY	00:00:05
14/10/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:43:17	14:43:28	14:43:28	1169.15	1169.15	1169.15	7750	8000	7750	9250	PE	24/12/2014	NIFTY	00:00:11

- 40.5.1. I note from the above table that Noticee 3 and Noticee 30 entered into 38 trades between themselves during 10.04.2014 to 16.10.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 3 and Noticee 30 in all 38 trades was in the range of 1 to 41 seconds. Noticee 3 and Noticee 30 squared off the initial position within a few trading days.
- 40.5.2. To illustrate the pattern adopted by Noticee 3 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 3 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:
- 40.5.3. On 21.04.2014 (first leg), Noticee 3 placed a buy order at 13:56:11 for quantity 4550 in NIFTY-8050-PE (expiry date - 26/06/2014) at price Rs.1131.25; exactly within seventeen seconds i.e. at 13:56:28, Noticee 30 placed a sell order for quantity 4400 at the exact same price as that of Noticee 3 viz., Rs.1131.25 resulting in the orders getting executed at 13:56:28 for quantity 4400 at price Rs.1131.25. Noticee 3 and Noticee 30 squared off this trade on 23.04.2014 (second leg). On 23.04.2014, Noticee 3 placed sell order at 12:01:33 for quantity 4500 at price Rs.1162.95; after three seconds i.e. at 12:01:36, Noticee 30 placed buy order for quantity 4400 at the exact same price as that of Noticee 3 viz., Rs.116.95 resulting in the orders getting executed at 12:01:36 for quantity 4400 at price Rs.1162.95. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 21.04.2014 and second leg on 23.04.2014 were placed within seventeen and three seconds respectively. Further as evident from above, the first leg of trade in NIFTY-8050-PE (expiry date - 26/06/2014) between Noticee 3 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 23.04.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 3 of Rs.1, 39,480/- respectively.



- 40.5.4. I note from the above table that Noticee 3 and Noticee 30 traded in similar manner repetitively during 10.04.2014 to 16.10.2014.
- 40.5.5. I also note from the analysis of trade data as also evident from table above that out of total 38 trades between the said pair of Noticee 3 and Noticee 30 during the IP, in all trades save for just few instances, it was Noticee 3 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity. To cite as instance, out of total 38 instances of trades as in table above, Noticee 3 had placed the orders first in 37 out of 38 instances viz., buyer in 19 and seller in 18 instances.
- 40.5.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 3 came as buyer or seller in first leg of impugned trades between Noticee 3 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 3 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 3 booking profit, in all the 38 instances of trading between the two during the IP. The Total profit across all squared off trades between the Noticee being Rs. 12996140/-.
- 40.5.7. I note from the table above that Noticee 3 and Noticee 30 had traded between themselves across the expiries from May 2014 to December 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within few trading days. For example, in the months of April and May 2014, they took positions in placed and call options of different strike rates of Nifty index options for expiry date of 26.06.2014 and squared off the same within few trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked a loss immediately within few trading

days mostly one or two trading days in all the aforesaid instances. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 3 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 3.

**40.5.8. As regards Noticee 3, it was also alleged that Noticee 3 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

**Self trades of Noticee 3:**

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
25/04/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	14:16:58	14:17:00	14:17:00	1095.1	1095.1	1095.1	4800	4950	4800	7950	PE	29/05/2014	NIFTY	00:00:02
12/05/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	11:32:19	11:32:21	11:32:21	1825.45	1825.45	1825.45	2900	3000	2900	5150	CE	26/06/2014	NIFTY	00:00:02
12/05/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	11:31:35	11:31:38	11:31:38	1825.45	1825.45	1825.45	50	50	50	5150	CE	26/06/2014	NIFTY	00:00:03
25/06/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	12:49:57	12:50:03	12:50:03	2311.25	2311.25	2311.25	2350	2350	2350	5250	CE	26/06/2014	NIFTY	00:00:06
25/06/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	12:57:55	12:57:59	12:57:59	442.65	442.65	442.65	4400	4400	4400	8050	PE	26/06/2014	NIFTY	00:00:04
12/06/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	14:26:20	14:26:20	14:26:20	540.15	540.15	540.15	200	200	200	8200	PE	26/06/2014	NIFTY	00:00:00
12/06/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	14:26:41	14:26:41	14:26:41	540.15	540.15	540.15	500	500	500	8200	PE	26/06/2014	NIFTY	00:00:00
12/06/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	14:27:49	14:27:49	14:27:49	542.1	542.1	542.1	550	550	550	8200	PE	26/06/2014	NIFTY	00:00:00
12/06/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	14:27:36	14:27:36	14:27:36	542.1	542.1	542.1	550	550	550	8200	PE	26/06/2014	NIFTY	00:00:00
12/06/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	14:27:06	14:27:06	14:27:06	541.65	541.65	541.65	550	550	550	8200	PE	26/06/2014	NIFTY	00:00:00
12/06/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	14:28:07	14:28:07	14:28:07	541.1	541.1	541.1	550	550	550	8200	PE	26/06/2014	NIFTY	00:00:00
12/06/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	14:28:23	14:28:23	14:28:23	541.1	541.1	541.1	550	550	550	8200	PE	26/06/2014	NIFTY	00:00:00
14/07/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	13:59:27	13:59:30	13:59:30	1144.35	1144.35	1144.35	50	50	50	6350	CE	28/08/2014	NIFTY	00:00:03
21/08/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	11:58:49	11:59:03	11:59:03	1512.25	1512.25	1512.25	50	50	50	6350	CE	28/08/2014	NIFTY	00:00:14
17/07/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	13:56:28	13:56:19	13:56:28	872.25	872.25	872.25	5350	5350	5500	8550	PE	28/08/2014	NIFTY	00:00:09
21/08/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	12:02:44	12:02:41	12:02:44	675.45	675.45	675.45	5350	5350	5500	8550	PE	28/08/2014	NIFTY	00:00:03
23/09/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	10:34:42	10:34:37	10:34:42	1731.5	1731.5	1731.5	3900	3900	3900	6400	CE	25/09/2014	NIFTY	00:00:05
23/09/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	10:32:53	10:32:45	10:32:53	1587.25	1587.25	1587.25	4300	4300	4300	6550	CE	25/09/2014	NIFTY	00:00:08
17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	13:36:07	13:36:11	13:36:11	1052.85	1052.85	1052.85	4150	4300	4150	6750	CE	30/10/2014	NIFTY	00:00:04
20/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	12:01:44	12:01:53	12:01:53	1157.1	1157.1	1157.1	4150	4150	4150	6750	CE	30/10/2014	NIFTY	00:00:09
17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	13:38:06	13:38:03	13:38:06	880.25	880.25	880.25	9350	9350	9500	6950	CE	30/10/2014	NIFTY	00:00:03
17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	13:42:11	13:42:30	13:42:30	1201.75	1201.75	1201.75	8150	8350	8150	9050	PE	30/10/2014	NIFTY	00:00:19
17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	13:48:11	13:48:17	13:48:17	1401.55	1401.55	1401.55	7400	7550	7400	9250	PE	30/10/2014	NIFTY	00:00:06

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strik_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	13:39:55	13:39:49	13:39:55	749.65	749.65	749.65	9350	9350	9450	7150	CE	27/11/2014	NIFTY	00:00:06
20/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	12:05:24	12:05:06	12:05:24	795.45	795.45	795.45	9350	9350	9350	7250	CE	24/12/2014	NIFTY	00:00:18
17/10/2014	DHAVAL R. SHAH	DHAVAL R. SHAH	13:46:27	13:46:34	13:46:34	1305.25	1305.25	1305.25	7750	7900	7750	9250	PE	24/12/2014	NIFTY	00:00:07

40.5.9. I note from the above table that Noticee 3 entered into 26 self-trades during 25.04.2014 to 20.10.2014 in Nifty index options contracts. I also note that the time difference between buy and sell orders of Noticee 3 in all aforesaid 26 self-trades was in the range of 0 to 19 seconds.

40.5.10. I note from the above table that in each of the above trades, Noticee 3 had placed simultaneous buy and sell orders in contracts of Nifty index options at the same price repetitively during 25.04.2014 to 20.10.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 25.04.2014, Noticee 3 placed a limit buy order at 14:16:58 PM for quantity 4950 in NIFTY-7950-PE (expiry date - 29/05/2014) at price Rs.1095.1; and within two seconds i.e. at 14:17:00 PM, Noticee 3 placed a limit sell order for quantity 4800 at exactly the same price in the same contract resulting in the orders getting executed at 14:17:00 PM for quantity 4800 at price Rs.1095.1.

40.5.11. Likewise was the pattern of Noticee 3 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 3 had entered into self-trades for 93850 quantity being Rs. 102519545 in value.

40.5.12. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 3 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 3 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the

matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '*...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...*'.

40.5.13. This apart, from the analysis of the square off trades between Noticee 3 and Noticee 30, as pairs and self-trades of Noticee 3 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter the square off trades, either of the Noticees or both Noticee 3 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 3 and Noticee 30, as pairs, are given as under:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif_buy_sell_ord
06/05/2014	NIRSHILP SECURITIES PVT. LTD.	DHAVAL R SHAH	10:53:30	10:53:28	10:53:30	1672.35	1672.35	1672.35	2950	2950	3050	5150	CE	26/06/2014	NIFTY	00:00:02
07/05/2014	DHAVAL R. SHAH	NIRSHILP SECURITIES PVT LTD	12:24:32	12:24:34	12:24:34	1550.45	1550.45	1550.45	2950	3100	2950	5150	CE	26/06/2014	NIFTY	00:00:02
12/05/2014	DHAVAL R SHAH	DHAVAL R. SHAH	11:32:19	11:32:21	11:32:21	1825.45	1825.45	1825.45	2900	3000	2900	5150	CE	26/06/2014	NIFTY	00:00:02
12/05/2014	DHAVAL R SHAH	DHAVAL R. SHAH	11:31:35	11:31:38	11:31:38	1825.45	1825.45	1825.45	50	50	50	5150	CE	26/06/2014	NIFTY	00:00:03
24/06/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	11:55:36	11:55:34	11:55:36	2452.35	2452.35	2452.35	2950	2950	3100	5150	CE	26/06/2014	NIFTY	00:00:02

40.5.14. I note from the above trade details that on 06/05/2014 in NIFTY-5150-CE (expiry date - 26/06/2014), Noticee 3 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 2950 at price of Rs. 1672.35. This trade for quantity 2950 was squared off between Noticee 3 and Noticee 30 on 07/05/2014 wherein Noticee 3 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 2950 at price of Rs. 1550.45.

- 40.5.15. It is observed that both Noticee 3 and Noticee 30 carried out self-trades for exact same quantity of 2950 (being the square off quantity in the same nifty options contract) just within a few days after the square off trades.
- 40.5.16. I note that Noticee 30 carried out a self-trade for same quantity on 24/06/2014 i.e. Noticee 30 placed a limit sell order at 11:55:34 for quantity of 2950 in NIFTY-5150-CE (expiry date - 26/06/2014), at price of Rs.2452.35; and within two seconds i.e. at 11:55:36, Noticee 30 synchronized its trades and placed a limit buy order for marginally varying quantity as that of square off trades i.e. 3100 at exactly the same price as that of his sell order i.e. Rs. 2452.35. The orders got executed at 11:55:36 for the quantity of 2950 at the price of Rs.2452.35.
- 40.5.17. It is observed that two days later, Noticee 3 carried out two self-trade for quantity 2900 and 50 (= 2950) being same quantity as that of the square off trades. On 12/05/2014, being the first self-trade, Noticee 3 placed a limit buy order at 11:31:35 for quantity of 50 in NIFTY-5150-CE (expiry date - 26/06/2014), at price of Rs.1825.45; and within three seconds i.e. at 11:31:38, Noticee 3 synchronized its trades and placed a limit sell order for quantity 50 at exactly the same price as that of the sell order i.e. Rs.1825.45. The orders got executed at 11:31:38 for the quantity of 50 at the price of Rs.1825.45. Thereafter, on the same day, Noticee 3 carried out another self-trade wherein Noticee 3 placed a limit buy order at 11:32:19 for quantity of 3000 in NIFTY-5150-CE (expiry date - 26/06/2014), at price of Rs.1825.45; and within two seconds i.e. at 11:32:21, Noticee 3 synchronized its trades and placed a limit sell order for marginally varying quantity as that of square off trades i.e. 2900 at exactly the same price as that of the sell order i.e. Rs.1825.45. The orders got executed at 11:32:21 for the quantity of 2900 at the price of Rs.1825.45.
- 40.5.18. I am of the view that it cannot be a mere coincidence that both the Noticees, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same

quantity within few days in the same options contract. Similar pattern was observed on other days as well.

40.5.19. In view thereof, considering that Noticee 3 and 30 had entered into 38 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 3 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### 40.6. Trades between Noticee 4 and Noticee 30:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
20/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:52:18	11:52:23	11:52:23	540.25	540.25	540.25	9150	9300	9150	6750	PE	27/03/2014	NIFTY	00:00:05
03/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:16:04	11:15:59	11:16:04	532.25	532.25	532.25	9150	9150	9500	6750	PE	27/03/2014	NIFTY	00:00:05
25/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT LTD	13:40:41	13:40:46	13:40:46	870.55	870.55	870.55	5650	6000	5650	5350	CE	24/04/2014	NIFTY	00:00:05
28/02/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	14:12:44	14:12:33	14:12:44	998.75	998.75	998.75	5650	5650	6200	5350	CE	24/04/2014	NIFTY	00:00:11
19/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:43:21	11:43:25	11:43:25	713.35	713.35	713.35	8250	8500	8250	5450	CE	24/04/2014	NIFTY	00:00:04
21/02/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	10:54:02	10:53:55	10:54:02	824.85	824.85	824.85	8250	8250	8750	5450	CE	24/04/2014	NIFTY	00:00:07
13/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT LTD	13:43:19	13:43:21	13:43:21	785.75	785.75	785.75	9650	9850	9650	7450	PE	24/04/2014	NIFTY	00:00:02
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:07:09	11:07:06	11:07:09	856.15	856.15	856.15	9650	9650	9700	7450	PE	24/04/2014	NIFTY	00:00:03
12/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:42:36	14:42:39	14:42:39	1225.05	1225.05	1225.05	8650	9000	8650	7850	PE	24/04/2014	NIFTY	00:00:03
14/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH D. SHAH	11:06:40	11:06:37	11:06:40	1399.35	1399.35	1399.35	8650	8650	9000	7850	PE	24/04/2014	NIFTY	00:00:03
14/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:28:16	14:28:19	14:28:19	1246.35	1246.35	1246.35	8750	9000	8750	5250	CE	29/05/2014	NIFTY	00:00:03
18/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH D. SHAH	10:58:49	10:58:47	10:58:49	1436.05	1436.05	1436.05	8750	8750	8800	5250	CE	29/05/2014	NIFTY	00:00:02
10/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	14:27:30	14:27:28	14:27:30	1321.35	1321.35	1321.35	8300	8300	8500	5350	CE	29/05/2014	NIFTY	00:00:02
12/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT LTD	11:30:00	11:30:03	11:30:03	1246.05	1246.05	1246.05	8300	8500	8300	5350	CE	29/05/2014	NIFTY	00:00:03
28/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:33:22	11:33:27	11:33:27	905.25	905.25	905.25	9050	9500	9050	5400	CE	29/05/2014	NIFTY	00:00:05
05/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:03:06	11:03:14	11:03:14	1001.1	1001.1	1001.1	9000	9250	9050	5400	CE	29/05/2014	NIFTY	00:00:08
05/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH D. SHAH	11:02:48	11:03:14	11:03:14	1002.5	1002.5	1001.1	50	50	9050	5400	CE	29/05/2014	NIFTY	00:00:26
04/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:44:27	10:44:32	10:44:32	718.35	718.35	718.35	7050	7500	7050	7050	PE	29/05/2014	NIFTY	00:00:05
06/03/2014	NIRSHILP SECURITIES PVT LTD	SHAILESH D. SHAH	14:34:53	14:34:49	14:34:53	735.65	735.65	735.65	7050	7050	7300	7050	PE	29/05/2014	NIFTY	00:00:04

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
07/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:27:21	13:27:24	13:27:24	666.3	666.3	666.3	9150	9500	9150	7300	PE	29/05/2014	NIFTY	00:00:03
11/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	10:27:03	10:26:59	10:27:03	735.5	735.5	735.5	9150	9150	9300	7300	PE	29/05/2014	NIFTY	00:00:04
11/03/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:06:12	14:06:15	14:06:15	1006.65	1006.65	1006.65	9150	9500	9150	7650	PE	29/05/2014	NIFTY	00:00:03
13/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:29:42	11:29:38	11:29:42	1104.35	1104.35	1104.35	4250	4250	4500	7650	PE	29/05/2014	NIFTY	00:00:04
14/03/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	11:00:25	11:00:21	11:00:25	1158.05	1158.05	1158.05	4900	4900	5000	7650	PE	29/05/2014	NIFTY	00:00:04

40.6.1. I note from the material available on record as also evident from the details in table above that Noticee 4 and Noticee 30 entered into 24 trades between themselves during 19.02.2014 to 18.03.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 4 and Noticee 30 in all 24 trades was in the range of 2 to 26 seconds. Noticee 4 and Noticee 30 squared off the initial position in short period of time, mostly within one or two trading days.

40.6.2. To illustrate the pattern adopted by Noticee 4 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 4 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

40.6.3. On 19.02.2014 (first leg), Noticee 4 placed a buy order at 11:43:21 for quantity 8500 in NIFTY-5450-CE (expiry date - 24/04/2014) at price Rs.713.35; exactly within four seconds i.e. at 11:43:25, Noticee 30 placed a sell order for quantity 8250 at the exact same price as that of Noticee 4 viz., Rs.713.35 resulting in the orders getting executed at 11:43:25 for quantity 8250 at price Rs.713.35. Noticee 4 and Noticee 30 squared off this trade on 21.02.2014 (second leg). On 21.02.2014, Noticee 4 placed sell order at 10:53:55 for quantity 8750 at price Rs.824.85; after seven seconds i.e. at 10:54:02, Noticee 30 placed buy order for quantity 8250 at the exact same price as that of Noticee 4 viz., Rs.824.85 resulting in the orders getting executed at 10:54:02 for quantity 8250 at price Rs.824.85. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 19.02.2014 and second leg on 21.02.2014 were placed within four and

seven seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date – 24/04/2014) between Noticee 4 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 21.02.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 4 of Rs.9, 19,875/- respectively.

- 40.6.4. I note from the above table that Noticee 4 and Noticee 30 traded in similar manner repetitively during 19.02.2014 to 18.03.2014.
- 40.6.5. I also note from the analysis of trade data as also evident from table above that out of total 24 trades between the said pair of Noticee 4 and Noticee 30 during the IP, in all trades it was Noticee 4 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity. To cite as instance, out of total 24 instances of trades as in table above, Noticee 4 had placed the orders first in 22 out of 24 instances viz., buyer in 11 and seller in 11 instances each.
- 40.6.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 4 came as buyer or seller in first leg, save for one instance out of total 24 instance of impugned trades involving square off, between Noticee 4 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 1 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 4 booking profit, in all the twenty three instances of trading between the two during the IP. The total profit/ loss across all the squared off trades between Noticee 4 and Noticee 30 being Rs. 8819418/-.
- 40.6.7. I note from the table above that Noticee 4 and Noticee 30 had traded between themselves across the expiries from March 2014 to May 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within one or two trading days, in all the trades. For example, in the months of February and March 2014, they took positions in placed and call options of different



strike rates of Nifty index options for expiry date of 24.04.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 4 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 4.

**40.6.8. As regards Noticee 4, it was also alleged that Noticee 4 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

**Self trades of Noticee 4:**

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Trd_diff_buy_sell_ord
11/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:48:26	10:49:28	10:49:28	218.5	218.5	218.5	8650	9150	8650	6750	PE	27/03/2014	00:01:02
10/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	14:41:18	14:41:13	14:41:18	1311.25	1311.25	1311.25	5650	5650	6000	5350	CE	24/04/2014	00:00:05
10/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	14:49:15	14:49:11	14:49:15	1214.35	1214.35	1214.35	8250	8250	8500	5450	CE	24/04/2014	00:00:04
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:33:50	10:33:53	10:33:53	828.15	828.15	828.15	9650	9700	9650	7450	PE	24/04/2014	00:00:03
18/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	14:58:48	14:58:45	14:58:48	1294.65	1294.65	1294.65	8650	8650	8800	7850	PE	24/04/2014	00:00:03
24/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	13:27:05	13:27:02	13:27:05	1469.65	1469.65	1469.65	8750	8750	8850	5250	CE	29/05/2014	00:00:03
18/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	15:08:06	15:08:08	15:08:08	1242.25	1242.25	1242.25	8300	8300	8300	5350	CE	29/05/2014	00:00:02
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:56:17	10:56:19	10:56:19	1232.5	1232.5	1232.5	900	900	900	5400	CE	29/05/2014	00:00:02
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:54:57	10:55:02	10:55:02	1232.5	1232.5	1232.5	1050	1050	1050	5400	CE	29/05/2014	00:00:05
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:52:35	10:52:37	10:52:37	1232.1	1232.1	1232.1	600	600	600	5400	CE	29/05/2014	00:00:02
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:58:47	10:58:49	10:58:49	1235.5	1235.5	1235.5	800	800	800	5400	CE	29/05/2014	00:00:02
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:53:05	10:53:08	10:53:08	1232.05	1232.05	1232.05	950	950	950	5400	CE	29/05/2014	00:00:03
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:54:17	10:54:18	10:54:18	1232.8	1232.8	1232.8	750	750	750	5400	CE	29/05/2014	00:00:01
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:49:20	10:49:22	10:49:22	1231.1	1231.1	1231.1	750	750	750	5400	CE	29/05/2014	00:00:02
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:53:41	10:53:43	10:53:43	1232.35	1232.35	1232.35	850	850	850	5400	CE	29/05/2014	00:00:02
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:50:40	10:50:42	10:50:42	1231.25	1231.25	1231.25	650	650	650	5400	CE	29/05/2014	00:00:02

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Trd_diff_buy_sell_ord
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:51:42	10:51:43	10:51:43	1231.2	1231.2	1231.2	450	450	450	5400	CE	29/05/2014	00:00:01
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:50:18	10:50:20	10:50:20	1233.05	1233.05	1233.05	550	550	550	5400	CE	29/05/2014	00:00:02
19/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:55:38	10:55:40	10:55:40	1233.8	1233.8	1233.8	750	750	750	5400	CE	29/05/2014	00:00:02
11/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	10:58:13	10:58:08	10:58:13	581.65	581.65	581.65	7050	7050	7100	7050	PE	29/05/2014	00:00:05
18/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	12:29:47	12:29:45	12:29:47	793.55	793.55	793.55	9150	9150	9200	7300	PE	29/05/2014	00:00:02
18/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	12:22:26	12:22:24	12:22:26	1068.35	1068.35	1068.35	9150	9150	9150	7650	PE	29/05/2014	00:00:02

40.6.9. I note from the above table that Noticee 4 entered into 22 self-trades during 10.03.2014 to 24.03.2014 in Nifty index options contracts. I also note that the time difference between buy and sell orders of Noticee 4 in such 21 self-trades was in the range of 1 to 5 seconds.

40.6.10. I note from the above table that in each of the above trades, Noticee 4 had placed simultaneous buy and sell orders in contracts of Nifty index options at the same price repetitively during 10.03.2014 to 24.03.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 24.03.2014, Noticee 4 placed a limit sell order at 13:27:02 PM for quantity 8850 in NIFTY-5250-CE (expiry date - 29/05/2014) at price Rs.1469.65; and within three seconds i.e. at 13:27:05 PM, Noticee 4 placed a limit buy order for quantity 8750 at exactly the same price in the same contract resulting in the orders getting executed at 13:27:05 PM for quantity 8750 at price Rs.1469.65.

40.6.11. Likewise was the pattern of Noticee 4 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 4 had entered into self-trades for 91550 quantity being Rs. 93414795 in value.

40.6.12. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 4 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 4 with a view to execute self-

trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '*...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...*'.

40.6.13. This apart, from the analysis of the square off trades between Noticee 4 and Noticee 30, as pairs and self-trades of Noticee 4 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter the square off trades, either of the Noticees or both Noticee 4 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 4 and Noticee 30, as pairs, are given as under:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif_buy_sell_or_d
19/02/2014	SHAILESH D. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:43:21	11:43:25	11:43:25	713.35	713.35	713.35	8250	8500	8250	5450	CE	24/04/2014	NIFTY	00:00:04
21/02/2014	NIRSHILP SECURITIES PVT. LTD.	SHAILESH D. SHAH	10:54:02	10:53:55	10:54:02	824.85	824.85	824.85	8250	8250	8750	5450	CE	24/04/2014	NIFTY	00:00:07
10/03/2014	SHAILESH D. SHAH	SHAILESH D. SHAH	14:49:15	14:49:11	14:49:15	1214.35	1214.35	1214.4	8250	8250	8500	5450	CE	24/04/2014	NIFTY	00:00:04
11/03/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	12:07:06	12:07:09	12:07:09	1097.25	1097.25	1097.3	8250	8250	8250	5450	CE	24/04/2014	NIFTY	00:00:03

40.6.14. I note from the above trade details that on 19/02/2014 in NIFTY-5450-CE (expiry date - 24/04/2014), Noticee 4 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 8250 at price of Rs. 713.35. This trade for quantity 8250 was squared off between Noticee 4 and Noticee 30 on

21/02/2014 wherein Noticee 4 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 8250 at price of Rs. 824.85.

- 40.6.15. It is observed that both Noticee 4 and Noticee 30 carried out self-trades for exact same quantity of 8250 (being the square off quantity in the same nifty options contract) just within a few days after the square off trades.
- 40.6.16. Noticee 4 carried out a self-trade for same quantity i.e. on 10/03/2014, Noticee 4 placed a limit sell order at 14:49:11 for quantity of 8500 in NIFTY-5450-CE (expiry date - 24/04/2014), at price of Rs.1214.35; and within four seconds i.e. at 14:49:15, Noticee 4 synchronized its trades and placed a limit buy order for the same quantity as that of square off trades i.e. 8250 at exactly the same price as that of his sell order i.e. Rs.1214.35. The orders got executed at 14:49:15 for the quantity of 8250 at the price of Rs.1214.35.
- 40.6.17. Likewise, it is observed that one day later, Noticee 30 carried out a self-trade for same quantity on 11/03/2014 i.e. Noticee 30 placed a limit buy order at 12:07:06 for quantity of 8250 in NIFTY-5450-CE (expiry date - 24/04/2014), at price of Rs.1097.25; and within three seconds i.e. at 12:07:09 Noticee 30 synchronized its trades and placed a limit sell order for the same quantity as that of square off trades i.e. 8250 at exactly the same price as that of the buy order i.e. Rs. 1097.25. The orders got executed at 12:07:09 for the quantity of 8250 at the price of Rs.1097.25.
- 40.6.18. I am of the view that it cannot be a mere coincidence that both the Noticees, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same quantity within a day or two in the same options contract. Similar pattern was observed on other days as well.
- 40.6.19. In view thereof, considering that Noticee 4 and 30 had entered into 24 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 4

who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades. Further, by entering into 22 self-trades, Noticee 4 created misleading appearance of trading in illiquid NIFTY option contracts.

#### 40.7. Trades between Noticee 5 and Noticee 30:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
12/08/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	12:25:10	12:25:15	12:25:15	752.35	752.35	752.35	9150	9500	9150	6950	CE	30/10/2014	NIFTY	00:00:05
14/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	12:11:36	12:11:31	12:11:36	929.9	929.9	929.9	9150	9150	9300	6950	CE	30/10/2014	NIFTY	00:00:05
05/09/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	14:50:59	14:51:12	14:51:12	1130.75	1130.75	1130.75	7050	7250	7050	6950	CE	30/10/2014	NIFTY	00:00:13
08/09/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	11:04:43	11:04:38	11:04:43	1269.25	1269.25	1269.25	7050	7050	7300	6950	CE	30/10/2014	NIFTY	00:00:05
22/08/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	12:24:44	12:24:49	12:24:49	922.65	922.65	922.65	9050	9300	9050	8950	PE	30/10/2014	NIFTY	00:00:05
25/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	11:15:52	11:15:48	11:15:52	965.15	965.15	965.15	9050	9050	9300	8950	PE	30/10/2014	NIFTY	00:00:04
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	14:18:04	14:17:53	14:18:04	934	935	934	50	9050	50	8950	PE	30/10/2014	NIFTY	00:00:11
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	14:18:04	14:17:48	14:18:04	935	935	935	9000	9050	9000	8950	PE	30/10/2014	NIFTY	00:00:16
30/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:45:08	11:45:23	11:45:23	773.5	773.5	773.15	50	50	9050	8950	PE	30/10/2014	NIFTY	00:00:15
30/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:45:04	11:45:23	11:45:23	773.15	773.15	773.15	9000	9050	9050	8950	PE	30/10/2014	NIFTY	00:00:19
18/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	13:36:03	13:35:59	13:36:03	1265.25	1265.25	1265.25	7650	7650	7800	9150	PE	30/10/2014	NIFTY	00:00:04
20/08/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:47:52	14:47:56	14:47:56	1121.25	1121.25	1121.25	7650	7800	7650	9150	PE	30/10/2014	NIFTY	00:00:04
27/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	13:55:09	13:55:06	13:55:09	1185.15	1185.15	1185.15	8400	8400	8500	9150	PE	30/10/2014	NIFTY	00:00:03
01/09/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:17:22	14:17:27	14:17:27	1023.85	1023.85	1023.85	8400	8500	8400	9150	PE	30/10/2014	NIFTY	00:00:05
23/09/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	14:10:12	14:10:16	14:10:16	1172.8	1172.8	1172.8	8550	8800	8550	6950	CE	27/11/2014	NIFTY	00:00:04
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	15:13:32	15:13:22	15:13:32	930.25	930.25	930.25	3550	3550	3900	6950	CE	27/11/2014	NIFTY	00:00:10
21/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	12:55:41	12:55:35	12:55:41	1086.35	1086.35	1086.35	1050	1050	1300	6950	CE	27/11/2014	NIFTY	00:00:06
22/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	10:48:53	10:48:43	10:48:53	1181.1	1182.75	1181.1	50	3950	50	6950	CE	27/11/2014	NIFTY	00:00:10
22/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	10:48:53	10:48:32	10:48:53	1182.75	1182.75	1182.75	3900	3950	4100	6950	CE	27/11/2014	NIFTY	00:00:21
11/09/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	14:40:08	14:40:02	14:40:08	1185.75	1185.75	1185.75	8350	8350	8500	9350	PE	27/11/2014	NIFTY	00:00:06
15/09/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:42:48	14:43:04	14:43:04	1134.85	1134.85	1134.85	8350	8500	8350	9350	PE	27/11/2014	NIFTY	00:00:16
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R SHAH	13:53:16	13:53:10	13:53:16	1486.15	1486.15	1486.15	5550	5550	5750	9350	PE	27/11/2014	NIFTY	00:00:06
20/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	15:14:41	15:15:05	15:15:05	1361.25	1361.25	1361.25	5500	5700	5550	9350	PE	27/11/2014	NIFTY	00:00:24
20/10/2014	SHILPA R. SHAH	NIRSHILP SECURITIES PVT. LTD.	15:14:53	15:15:05	15:15:05	1362	1362	1361.25	50	50	5550	9350	PE	27/11/2014	NIFTY	00:00:12

- 40.7.1. I note from the material available on record as also evident from the details in table above that Noticee 5 and Noticee 30 entered into 24 trades between themselves during 12.08.2014 to 30.10.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 5 and Noticee 30 in all 24 trades was in the range of 3 to 24 seconds. Noticee 5 and Noticee 30 squared off the initial position within few trading days.
- 40.7.2. To illustrate the pattern adopted by Noticee 4 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 4 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:
- 40.7.3. On 12.08.2014 (first leg), Noticee 5 placed a buy order at 12:25:10 for quantity 9500 in NIFTY-6950-CE (expiry date – 30/10/2014) at price Rs.752.35; exactly within five seconds i.e. at 12:25:15, Noticee 30 placed a sell order for quantity 9150 at exact same price as that of Noticee 5 viz., Rs.752.35 resulting in the orders getting executed at 12:25:15 for quantity 9150 at price Rs.752.35. Noticee 5 and Noticee 30 squared off this trade on 14.08.2014 (second leg). On 14.08.2014, Noticee 5 placed sell order at 12:11:31 for quantity 9300 at price Rs.929.9; after five seconds i.e. at 12:11:36, Noticee 30 placed buy order for quantity 9150 at exact same price as that of Noticee 5 viz., Rs.929.9 resulting in the orders getting executed at 12:11:36 for quantity 9150 at price Rs.929.9. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 12.08.2014 and second leg on 14.08.2014 were placed within five and five seconds respectively. Further as evident from above, the first leg of trade in NIFTY-6950-CE (expiry date - 30/10/2014) between Noticee 5 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 14.08.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 5 of Rs.16, 24,583/- respectively.

- 40.7.4. I note from the above table that Noticee 5 and Noticee 30 traded in similar manner repetitively during 12.08.2014 to 30.10.2014.
- 40.7.5. I also note from the analysis of trade data as also evident from table above that out of total 24 trades between the said pair of Noticee 5 and Noticee 30 during the IP, in all trades it was Noticee 5 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity. To cite as instance, out of total 24 instances of trades as in table above, Noticee 5 had placed the orders first in 24 out of 24 instances viz., as buyer in 11 and as seller in 13 instances.
- 40.7.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 5 came as buyer or seller in first leg, save for two instances out of total twenty four instances of impugned trades involving squared off trades, between Noticee 5 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 5 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 5 booking profit, in all the twenty three instances of trading between the two during the IP. The total profit/ loss across all the squared off trades between Noticee 5 and Noticee 30 being Rs. 8843455/-.
- 40.7.7. I note from the table above that Noticee 5 and Noticee 30 had traded between themselves across the expiries from October 2014 to November 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within one or two trading days. For example, in the months of August and September 2014, they took positions in placed and call options of different strike rates of Nifty index options for expiry date of 30.10.2014 and squared off the same within few trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did

not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 5 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly few days, resulting in booking of loss by Noticee 30 and profit by Noticee 5.

**40.7.8. As regards Noticee 5, it was also alleged that Noticee 5 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

**Self trades of Noticee 5:**

Trd date	Buy client name	Sell client name	Bord time	Sord time	Trd time	Trd price	Bord price	Sord price	Trd qty	Bord qty	Sord qty	Strike price	Option	Expiry date	Trd dif buy sell ord
28/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:15:05	14:14:57	14:15:05	1090	1090	1090	5000	5000	5000	6950	CE	30/10/2014	00:00:08
28/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:15:42	14:15:34	14:15:42	1088	1088	1088	5750	5750	5750	6950	CE	30/10/2014	00:00:08
28/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:14:42	14:14:32	14:14:42	1089	1089	1089	5450	5450	5450	6950	CE	30/10/2014	00:00:10
29/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:33:51	14:34:06	14:34:06	833	833	832.15	50	50	9050	8950	PE	30/10/2014	00:00:15
29/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:33:44	14:34:06	14:34:06	832.15	832.15	832.15	9000	9050	9050	8950	PE	30/10/2014	00:00:22
28/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:20:21	14:20:30	14:20:30	1088.5	1088.5	1088	50	50	7650	9150	PE	30/10/2014	00:00:09
28/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:19:57	14:20:30	14:20:30	1088	1088	1088	7600	7650	7650	9150	PE	30/10/2014	00:00:33
28/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:26:50	14:26:42	14:26:50	1041	1041.5	1041	50	8150	50	9150	PE	24/12/2014	00:00:08
28/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:26:50	14:26:35	14:26:50	1041.5	1041.5	1041.5	8100	8150	8150	9150	PE	24/12/2014	00:00:15
29/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	12:08:50	12:08:57	12:08:57	1044	1044	1043.75	50	50	750	9150	PE	30/10/2014	00:00:07
29/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	12:08:43	12:08:57	12:08:57	1043.75	1043.75	1043.75	700	750	750	9150	PE	30/10/2014	00:00:14
29/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	12:06:54	12:06:39	12:06:54	1185.25	1185.25	1185.25	8500	8550	8550	6950	CE	27/11/2014	00:00:15
29/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	12:06:54	12:06:47	12:06:54	1185	1185.25	1185	50	8550	50	6950	CE	27/11/2014	00:00:07
28/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:23:37	14:23:46	14:23:46	1231	1231	1230	50	50	8350	9350	PE	27/11/2014	00:00:09
28/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	14:23:30	14:23:46	14:23:46	1230	1230	1230	8300	8350	8350	9350	PE	27/11/2014	00:00:16
29/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	12:11:25	12:11:36	12:11:36	1191	1191	1190.35	50	50	5550	9350	PE	27/11/2014	00:00:11
29/10/2014	SHILPA R. SHAH	SHILPA R. SHAH	12:11:19	12:11:36	12:11:36	1190.35	1190.35	1190.35	5500	5550	5550	9350	PE	27/11/2014	00:00:17

40.7.9. I note from the above table that Noticee 5 entered into 17 self-trades on 28.10.2014 and 29.10.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of



Noticee 5 in all of aforesaid 17 self-trades was in the range of 7 to 33 seconds.

- 40.7.10. I note from the above table that in each of the above trades, Noticee 5 had placed simultaneous buy and sell orders in contracts of Nifty index options at the same price repetitively on 28.10.2014 and 29.10.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 28.10.2014, Noticee 5 placed a limit sell order at 14:14:57 PM for quantity 5000 in NIFTY-6950-CE (expiry date - 30/10/2014) at price Rs.1090; and within eight seconds i.e. at 14:15:05 PM, Noticee 5 placed a limit buy order for quantity 5000 at exactly the same price in the same contract resulting in the orders getting executed at 14:15:05 PM for quantity 5000 at price Rs.1090.
- 40.7.11. Likewise was the pattern of Noticee 5 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 5 had entered into self-trades for 64250 quantity being Rs. 69777200 in value.
- 40.7.12. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 5 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 5 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that

*'...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...'*

40.7.13. This apart, from the analysis of the square off trades between Noticee 5 and Noticee 30, as pairs and self-trades of Noticee 5 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter the square off trades, either of the Noticees or both Noticee 5 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 5 and Noticee 30, as pairs, are given as under:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif
12/08/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	12:25:10	12:25:15	12:25:15	752.35	752.35	752.4	9150	9500	9150	6950	CE	30/10/2014	NIFTY	00:00:05
14/08/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	12:11:36	12:11:31	12:11:36	929.9	929.9	929.9	9150	9150	9300	6950	CE	30/10/2014	NIFTY	00:00:05
05/09/2014	SHILPA R SHAH	NIRSHILP SECURITIES PVT. LTD.	14:50:59	14:51:12	14:51:12	1130.75	1130.75	1131	7050	7250	7050	6950	CE	30/10/2014	NIFTY	00:00:13
08/09/2014	NIRSHILP SECURITIES PVT. LTD.	SHILPA R. SHAH	11:04:43	11:04:38	11:04:43	1269.25	1269.25	1269	7050	7050	7300	6950	CE	30/10/2014	NIFTY	00:00:05
28/10/2014	SHILPA R. SHAH	SHILPA R SHAH	14:15:05	14:14:57	14:15:05	1090	1090	1090	5000	5000	5000	6950	CE	30/10/2014	NIFTY	00:00:08
28/10/2014	SHILPA R. SHAH	SHILPA R SHAH	14:15:42	14:15:34	14:15:42	1088	1088	1088	5750	5750	5750	6950	CE	30/10/2014	NIFTY	00:00:08
28/10/2014	SHILPA R. SHAH	SHILPA R SHAH	14:14:42	14:14:32	14:14:42	1089	1089	1089	5450	5450	5450	6950	CE	30/10/2014	NIFTY	00:00:10
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	14:12:54	14:13:14	14:13:14	1095.65	1095.65	1096	6800	6850	6850	6950	CE	30/10/2014	NIFTY	00:00:20
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	14:13:03	14:13:14	14:13:14	1096	1096	1096	50	50	6650	6950	CE	30/10/2014	NIFTY	00:00:11

40.7.14. I note from the above trade details that Noticee 5 and Noticee 30 carried out two square off trades. As regards first square off trade, on 12/08/2014 in NIFTY-6950-CE (expiry date - 30/10/2014) wherein Noticee 5 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 9150 at price of Rs. 752.35. This trade for quantity 9150 was squared off between Noticee 5 (Seller) and Noticee 30 (Buyer) on 14/08/2014 wherein Noticee 5 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 9150 at price of Rs. 929.9.

40.7.15. As regards Second Square off trades, on 05/09/2014, Noticee 5 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 7050 at price of Rs. 1130.75. This trade for quantity 7050 was squared off between

Noticee 5 (Seller) and Noticee 30 (Buyer) on 08/09/2014 wherein Noticee 5 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 7050 at price of Rs. 1269.25.

- 40.7.16. Thereafter, I note that Noticee 5 carried out three self-trades on 28/10/2014 with trade quantity being 1090, 1088 and 1089 respectively thereby being equal to the traded quantity of both the square off trades i.e. 16200.
- 40.7.17. To illustrate, as regards the first self-trade, Noticee 5 placed a limit sell order at 14:14:57 for quantity of 5000 in NIFTY-6950-CE (expiry date - 30/10//2014) at price of Rs.1090; and within eight seconds i.e. at 14:15:05, Noticee 5 synchronized its trades and placed a limit buy order for the quantity 5000 at exactly the same price as that of the sell order i.e. Rs. 1090. The orders got executed at 14:15:05 for the quantity of 5000 at the price of Rs.1090.
- 40.7.18. As regards second self-trade, Noticee 5 placed a limit sell order at 14:15:34 for quantity of 5750 in NIFTY-6950-CE (expiry date - 30/10//2014) at price of Rs.1088; and within eight seconds i.e. at 14:15:42, Noticee 5 synchronized its trades and placed a limit buy order for the quantity 5750 at exactly the same price as that of the sell order i.e. Rs. 1088. The orders got executed at 14:15:42 for the quantity of 5750 at the price of Rs.1088.
- 40.7.19. As regards third self-trade, Noticee 5 placed a limit sell order at 14:14:32 for quantity of 5450 in NIFTY-6950-CE (expiry date - 30/10//2014) at price of Rs.1089; and within ten seconds i.e. at 14:14:42, Noticee 5 synchronized its trades and placed a limit buy order for the quantity 5450 at exactly the same price as that of the sell order i.e. Rs. 1089. The orders got executed at 14:14:42 for the quantity of 5450 at the price of Rs.1089.
- 40.7.20. Thereafter, it is observed that one day later i.e. on 29/10/2014, Noticee 30 carried out two self-trades for a total quantity of 6850 ( viz., 6800 and 50 in two trades respectively) i.e. Noticee 30 placed a limit buy order at 14:12:54 for quantity of 6850 in NIFTY-6950-CE (expiry date - 30/10/2014) at price of Rs.1095.65; and within twenty seconds i.e. at

14:13:14, Noticee 30 synchronized its trades and placed a limit sell order for the quantity 6850 and at exactly the same price as that of the buy order i.e. Rs. 1095.65. The orders got executed at 14:13:14 for the quantity of 6850 at the price of Rs.1095.65. thereafter, Noticee 30 placed a limit buy order at 14:13:03 for quantity of 50 in NIFTY-6950-CE (expiry date - 30/10/2014) at price of Rs.1096; and within eleven seconds i.e. at 14:13:14, Noticee 30 synchronized its trades and placed a limit sell order for the quantity 6850 and at exactly the same price as that of the buy order i.e. Rs. 1096. The orders got executed at 14:13:14 for the quantity of 50 at the price of Rs.1096.

40.7.21. I am of the view that it cannot be a mere coincidence that both the Noticees, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same quantity within a day or two in the same options contract. Similar pattern was observed on other days as well

40.7.22. In view thereof, considering that Noticee 5 and 30 had entered into 24 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 5 who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades. Further, by entering into 17 self-trades, Noticee 5 created misleading appearance of trading in illiquid NIFTY option contracts.

#### 40.8. **Trades between Noticee 6 and Noticee 30:**

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
14/02/2014	H.D SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	13:32:51	13:32:57	13:32:57	1041.2	1041.2	1041.2	7150	7500	7150	4950	CE	27/03/2014	NIFTY	00:00:06
18/02/2014	NIRSHILP SECURITIES PVT LTD	H. D. Shah (HUF)	13:50:30	13:50:25	13:50:30	1261.6	1261.6	1261.6	7150	7150	7500	4950	CE	27/03/2014	NIFTY	00:00:05
05/03/2014	H. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	12:27:26	12:27:29	12:27:29	1158.25	1158.25	1158.25	9150	9500	9150	5150	CE	24/04/2014	NIFTY	00:00:03
07/03/2014	NIRSHILP SECURITIES PVT. LTD.	H D SHAH HUF	13:37:38	13:37:35	13:37:38	1456.35	1456.35	1456.35	9150	9150	9300	5150	CE	24/04/2014	NIFTY	00:00:03
10/02/2014	H. D. Shah (HUF)	NIRSHILP SECURITIES PVT LTD	10:42:07	10:42:16	10:42:16	880.35	880.35	880.35	6200	6400	6200	5200	CE	24/04/2014	NIFTY	00:00:09
12/02/2014	NIRSHILP SECURITIES PVT. LTD.	H.D.SHAH HUF	11:54:55	11:54:50	11:54:55	1039.1	1039.1	1039.1	3750	3750	4100	5200	CE	24/04/2014	NIFTY	00:00:05
18/02/2014	NIRSHILP SECURITIES PVT. LTD.	H.D.SHAH HUF	13:02:59	13:02:54	13:02:59	1054.6	1054.6	1054.6	2450	2450	2600	5200	CE	24/04/2014	NIFTY	00:00:05
03/03/2014	H.D.SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	14:31:07	14:31:14	14:31:14	694.05	694.05	694.05	8650	9000	8650	7050	PE	29/05/2014	NIFTY	00:00:07
05/03/2014	NIRSHILP SECURITIES PVT LTD	H D SHAH HUF	11:11:11	11:11:06	11:11:11	753.9	753.9	753.9	8850	8650	9000	7050	PE	29/05/2014	NIFTY	00:00:05
05/02/2014	H.D.SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	14:44:28	14:44:35	14:44:35	445.1	445.1	445.1	4200	4600	4200	6600	PE	25/09/2014	NIFTY	00:00:07
07/02/2014	NIRSHILP SECURITIES PVT. LTD.	H. D. Shah (HUF)	11:22:28	11:22:24	11:22:28	538.75	538.75	538.75	4200	4200	4600	6600	PE	25/09/2014	NIFTY	00:00:04

40.8.1. I note from the material available on record as also evident from the details in table above that Noticee 6 and Noticee 30 entered into 11 trades between themselves during 05.02.2014 to 07.03.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 6 and Noticee 30 in all 11 trades was in the range of 3 to 9 seconds. Noticee 6 and Noticee 30 squared off the initial position in short period of time, mostly within one or two trading days.

40.8.2. To illustrate the pattern adopted by Noticee 6 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 6 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

40.8.3. On 05.02.2014 (first leg), Noticee 6 placed a buy order at 14:44:28 for quantity 4600 in NIFTY-6600-PE (expiry date - 25/09/2014) at price Rs.445.1; exactly within seven seconds i.e. at 14:44:35, Noticee 30 placed a sell order for quantity 4200 at exact same price as that of Noticee 6 viz., Rs.445.1 resulting in the orders getting executed at 14:44:35 for quantity 4200 at price Rs.445.1. Noticee 6 and Noticee 30 squared off this trade on 07.02.2014 (second leg). On 07.02.2014, Noticee 6 placed sell order at 11:22:24 for quantity 4600 at price Rs.538.75; after four seconds i.e. at 11:22:28, Noticee 30 placed a buy order for quantity 4200

at exact same price as that of Noticee 6 viz., Rs.538.75 resulting in the orders getting executed at 11:22:28 for quantity 4200 at price Rs.538.75. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 05.02.2014 and second leg on 07.02.2014 were placed within three and four seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date - 25/09/2014) between Noticee 6 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 07.02.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 6 of Rs.3,93,330/- respectively.

- 40.8.4. I note from the above table that Noticee 6 and Noticee 30 traded in similar manner repetitively during 05.02.2014 to 07.03.2014.
- 40.8.5. I also note from the analysis of trade data as also evident from table above that out of total 11 trades between the said pair of Noticee 6 and Noticee 30 during the IP, in all trades it was Noticee 6 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price and matching quantity or with marginally varying quantity. To cite as instance, out of total 11 instances of trades as in table above, Noticee 6 had placed the orders first in 11 out of 11 instances viz., buyer in 5 and seller in 6 instances each.
- 40.8.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 6 came as buyer or seller in first leg of impugned trades between Noticee 1 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 6 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 6 booking profit, in all the eleven instances of trading between the two during the IP. Total profit/ loss across all 11 trades being Rs. 6231915/-.
- 40.8.7. I note from the table above that Noticee 6 and Noticee 30 had traded between themselves across the expiries from March 2014 to September

2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within one or two trading days, in all the trades. For example, in the months of February and March 2014, they took positions in placed and call options of different strike rates of Nifty index options for expiry date of 24.04.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. Said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 6 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 6.

**40.8.8. As regards Noticee 6, it was also alleged that Noticee 6 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

**40.8.9. Self trades of Noticee 6:**

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Trd_diff_buy_sell_ord
26/02/2014	H. D. Shah (HUF)	H D SHAH (HUF)	11:21:49	11:21:57	11:21:57	1276.15	1276.15	1276.15	7150	7150	7150	4950	CE	27/03/2014	00:00:08
10/03/2014	H D SHAH (HUF)	H. D. Shah (HUF)	10:45:26	10:45:21	10:45:26	1479.25	1479.25	1479.25	9150	9150	9500	5150	CE	24/04/2014	00:00:05
26/02/2014	H.D.SHAH (HUF)	H. D. Shah (HUF)	11:26:18	11:26:26	11:26:26	1062.45	1062.45	1062.45	6200	6500	6200	5200	CE	24/04/2014	00:00:08
10/03/2014	H D SHAH (HUF)	H.D.SHAH (HUF)	10:49:42	10:49:39	10:49:42	649.05	649.05	649.05	8650	8650	9000	7050	PE	29/05/2014	00:00:03
06/03/2014	H. D. Shah (HUF)	H.D.SHAH (HUF)	14:40:53	14:40:56	14:40:56	361.75	361.75	361.75	500	500	500	6600	PE	25/09/2014	00:00:03
06/03/2014	H. D. Shah (HUF)	H.D.SHAH (HUF)	14:42:59	14:43:05	14:43:05	350.45	350.45	350.45	200	200	200	6600	PE	25/09/2014	00:00:06
06/03/2014	H. D. Shah (HUF)	H.D.SHAH (HUF)	14:42:32	14:42:42	14:42:42	351.35	351.35	351.35	200	200	200	6600	PE	25/09/2014	00:00:10
10/03/2014	H. D. Shah (HUF)	H.D.SHAH (HUF)	11:42:45	11:41:32	11:42:45	482.05	482.05	482.05	1500	1500	1500	6600	PE	25/09/2014	00:01:13
10/03/2014	H. D. Shah (HUF)	H.D.SHAH (HUF)	11:43:19	11:43:14	11:43:19	482.05	482.05	482.05	1050	1050	1050	6600	PE	25/09/2014	00:00:05

- 40.8.10. I note from the above table that Noticee 6 entered into 9 self-trades during 26.02.2014 to 10.03.2014 in Nifty index options contracts. I also note that the time difference between buy and sell orders of Noticee 6 in such 8 self-trades was in the range of 3 to 10 seconds.
- 40.8.11. I note from the above table that in each of the above trades, Noticee 6 had placed simultaneous buy and sell orders in contracts of Nifty index options at the same price repetitively during 26.02.2014 to 10.03.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 26.02.2014, Noticee 6 placed a limit buy order at 11:21:49 AM for quantity 7150 in NIFTY-4950-CE (expiry date – 27/03/2014) at price Rs.1276.15; and within eight seconds i.e. at 11:21:57 AM, Noticee 6 placed a limit sell order for the same quantity at exactly the same price in the same contract. The orders got executed at 11:21:57 AM for quantity 7150 at price Rs.1276.15.
- 40.8.12. Likewise was the pattern of Noticee 6 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 6 had entered into self-trades for 34600 quantity being Rs. 36411545 in value.
- 40.8.13. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 6 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 6 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is



also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '*...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...'*

40.8.14. This apart, from the analysis of the square off trades between Noticee 6 and Noticee 30, as pairs and self-trades of Noticee 6 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter the square off trades, either of the Noticees or both Noticee 6 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 6 and Noticee 30, as pairs, are given as under:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symb ol	Trd_diff_buy_sell_ord
14/02/2014	H D SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	13:32:51	13:32:57	13:32:57	1041.2	1041.2	1041.2	7150	7500	7150	4950	CE	27/03/2014	NIFTY	00:00:06
18/02/2014	NIRSHILP SECURITIES PVT.LTD	H. D. Shah (HUF)	13:50:30	13:50:25	13:50:30	1261.6	1261.6	1261.6	7150	7150	7500	4950	CE	27/03/2014	NIFTY	00:00:05
03/03/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	12:24:37	12:24:30	12:24:37	1343.5	1343.5	1343.5	7150	7150	7500	4950	CE	27/03/2014	NIFTY	00:00:07

40.8.15. I note from the above trade details that on 14/02/2014 in NIFTY-4950-CE (expiry date - 27/03/2014), Noticee 6 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 7150 at price of Rs. 1041.2. This trade for quantity 7150 was squared off between Noticee 6 (Seller) and Noticee 30 (Buyer) on 18/02/2014 wherein Noticee 6 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 7150 at price of Rs. 1261.6.

40.8.16. Thereafter, I note that Noticee 30 carried out a self-trade for same quantity as that of the square off trades i.e. 7150 quantity on 03/03/2014 i.e. Noticee 30 placed a limit sell order at 12:24:30 for quantity of 7500 in NIFTY-4950-CE (expiry date - 27/03/2014) at price of Rs.1343.5; and within seven seconds i.e. at 12:24:37, Noticee 30 synchronized its trades and placed a limit buy order for 7150 quantity at exactly the same price

as that of his sell order i.e. Rs. 1343.5. The orders got executed at 12:24:37 for the quantity of 7150 at the price of Rs.1343.5.

40.8.17. I am of the view that it cannot be a mere coincidence that Noticee 30, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same quantity within few days in the same options contract. Similar pattern was observed on other days as well.

40.8.18. In view thereof, considering that Noticee 6 and 30 had entered into 11 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 6 who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades. Further, by entering into 9 self-trades, Noticee 6 created misleading appearance of trading in illiquid NIFTY option contracts.

#### 40.9. Trades between Noticee 7 and Noticee 30:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_buy_sell_ord
12/02/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	13:37:50	13:37:56	13:37:56	1043.1	1043.1	1043.1	6750	7000	6750	5050	CE	27/03/2014	NIFTY	00:00:06
17/02/2014	NIRSHILP SECURITIES PVT. LTD.	P.D.SHAH HUF	10:55:54	10:55:48	10:55:54	1087.65	1087.65	1087.65	6750	6750	7000	5050	CE	27/03/2014	NIFTY	00:00:06
18/02/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	14:08:32	14:08:45	14:08:45	1085.25	1085.25	1085.25	5750	6000	5750	5050	CE	24/04/2014	NIFTY	00:00:13
20/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. SHAH (HUF)	11:30:07	11:30:03	11:30:07	1207.45	1207.45	1207.45	5750	5750	6000	5050	CE	24/04/2014	NIFTY	00:00:04
20/02/2014	P.D.SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	11:35:54	11:35:59	11:35:59	994.75	994.75	994.75	9050	9500	9050	5150	CE	24/04/2014	NIFTY	00:00:05
25/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. Shah (HUF)	10:46:05	10:46:00	10:46:05	1195.3	1195.3	1195.3	5700	5700	6000	5150	CE	24/04/2014	NIFTY	00:00:05
26/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. Shah (HUF)	11:31:01	11:30:56	11:31:01	1184.05	1184.05	1184.05	3350	3350	3500	5150	CE	24/04/2014	NIFTY	00:00:05
11/02/2014	P.D.SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	11:04:50	11:04:55	11:04:55	728.25	728.25	728.25	9050	9300	9050	5350	CE	24/04/2014	NIFTY	00:00:05
13/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. Shah (HUF)	14:30:55	14:30:50	14:30:55	809.35	809.35	809.35	9050	9050	9300	5350	CE	24/04/2014	NIFTY	00:00:05
17/02/2014	P. D. SHAH (HUF)	NIRSHILP SECURITIES PVT. LTD.	14:04:53	14:04:58	14:04:58	554.6	554.6	554.6	8750	9000	8750	6750	PE	24/04/2014	NIFTY	00:00:05
19/02/2014	NIRSHILP SECURITIES PVT. LTD.	P.D.SHAH HUF	11:25:58	11:25:54	11:25:58	597.35	597.35	597.35	8750	8750	9000	6750	PE	24/04/2014	NIFTY	00:00:04

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
04/03/2014	P. D. SHAH (HUF)	NIRSHILP SECURITIES PVT LTD	10:55:11	10:55:17	10:55:17	1047.65	1047.65	1047.65	6350	7000	6350	5250	CE	29/05/2014	NIFTY	00:00:06
06/03/2014	NIRSHILP SECURITIES PVT. LTD.	P.D.SHAH HUF	11:31:41	11:31:30	11:31:41	1234.6	1234.6	1234.6	6350	6350	6500	5250	CE	29/05/2014	NIFTY	00:00:11
06/02/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	13:06:33	13:06:40	13:06:40	687.1	687.1	687.1	4250	4500	4250	6800	PE	26/06/2014	NIFTY	00:00:07
10/02/2014	NIRSHILP SECURITIES PVT LTD	P. D. SHAH (HUF)	10:27:03	10:26:53	10:27:03	748.05	748.05	748.05	4250	4250	4300	6800	PE	26/06/2014	NIFTY	00:00:10
25/02/2014	NIRSHILP SECURITIES PVT LTD	P. D. SHAH (HUF)	11:42:57	11:43:10	11:43:10	532.35	532.35	532.35	1050	1100	1050	6700	PE	25/09/2014	NIFTY	00:00:13
25/02/2014	P. D. SHAH (HUF)	S. D. SHAH (HUF)	11:45:32	11:45:54	11:45:54	532.35	532.35	532.35	1050	1050	1050	6700	PE	25/09/2014	NIFTY	00:00:22

40.9.1. I note from the material available on record as also evident from the details in table above that Noticee 7 and Noticee 30 entered into 17 trades between themselves during 06.02.2014 to 06.03.2014 in Nifty index options contracts. I also note that the time difference between buy and sell orders of Noticee 7 and Noticee 30 in all 17 trades was in the range of 4 to 22 seconds. Noticee 7 and Noticee 30 squared off the initial position in short period of time, mostly within one or two trading days.

40.9.2. To illustrate the pattern adopted by Noticee 7 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 7 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

40.9.3. On 06.02.2014 (first leg), Noticee 7 placed a buy order at 13:06:33 for quantity 4500 in NIFTY-6800-CE (expiry date - 26/06/2014) at price Rs.687.1; exactly within seven seconds i.e. at 13:06:40, Noticee 30 placed a sell order for quantity 4250 at exact same price as that of Noticee 7 viz., Rs.687.1 resulting in the orders getting executed at 13:06:40 for quantity 4250 at price Rs.687.1. Noticee 7 and Noticee 30 squared off this trade on 10.02.2014 (second leg). On 10.02.2014, Noticee 7 placed sell order at 10:26:53 for quantity 4300 at price Rs.748.05; after ten seconds i.e. at 10:27:03, Noticee 30 placed buy order for quantity 4250 at exact same price as that of Noticee 7 viz., Rs.748.05 resulting in the orders getting executed at 10:27:03 for quantity 4250 at price Rs.748.05. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 06.02.2014 and second leg on 10.02.2014 were placed within seven and ten seconds respectively. Further as evident from above, the first leg of trade in NIFTY-

6800-PE (expiry date - 26/06/2014) between Noticee 7 and Noticee 30 was squared off by said pair of Noticee's between themselves within just four trading days viz., on 10.02.2014 by trading in similar synchronized pattern and booking of loss by Noticee 30 and profit by Noticee 7 of Rs.2, 59,038/- respectively.

- 40.9.4. I note from the above table that Noticee 7 and Noticee 30 traded in similar manner repetitively during 06.02.2014 to 06.03.2014.
- 40.9.5. I also note from the analysis of trade data as also evident from table above that out of total 17 trades between the said pair of Noticee 7 and Noticee 30 during the IP, in all trades save for few instances, it was Noticee 7 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price and matching quantity or with marginally varying quantity. To cite as instance, out of total 17 instances of trades as in table above, Noticee 6 had placed the orders first in 16 out of 17 instances viz., as buyer in 8 and as seller in 8 instances each.
- 40.9.6. I note from the table above that in all the aforesaid trades irrespective of Noticee 7 came as buyer or seller in first leg of impugned trades between Noticee 1 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 7 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 7 booking profit, in all the seventeen instances of trading between the two during the IP. Total profit/ loss across all 17 trades being Rs. 5334840/-.
- 40.9.7. I also note from the table above that Noticee 7 and Noticee 30 had traded between themselves across the expiries from March 2014 to September 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within few trading days. For example, in the months of February and March 2014, they took positions in placed and call options of different strike rates of Nifty index options for expiry date of 24.04.2014 and squared off the same within few

trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. Said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 7 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 7.

**40.9.8. As regards Noticee 7, it was also alleged that Noticee 7 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

**Self trades of Noticee 7:**

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Trd_diff_buy_sell_ord
28/02/2014	P.D.SHAH (HUF)	P. D. Shah (HUF)	12:21:05	12:21:08	12:21:08	1176.45	1176.45	1176.45	6750	7150	6750	5050	CE	27/03/2014	00:00:03
06/03/2014	P. D. SHAH (HUF)	P. D. Shah (HUF)	11:48:23	11:48:20	11:48:23	1398.5	1398.5	1398.5	5750	5750	6000	5050	CE	24/04/2014	00:00:03
06/03/2014	P. D. Shah (HUF)	P.D.SHAH (HUF)	11:51:07	11:51:00	11:51:07	1299.25	1299.25	1299.25	9050	9050	9500	5150	CE	24/04/2014	00:00:07
03/03/2014	P. D. Shah (HUF)	P.D.SHAH (HUF)	12:01:48	12:01:55	12:01:55	919.35	919.35	919.35	9050	9500	9050	5350	CE	24/04/2014	00:00:07
04/03/2014	P. D. Shah (HUF)	P.D.SHAH (HUF)	11:22:02	11:21:57	11:22:02	990.65	990.65	990.65	9050	9050	9500	5350	CE	24/04/2014	00:00:05
06/03/2014	P.D.SHAH (HUF)	P. D. Shah (HUF)	11:55:36	11:55:34	11:55:36	1047.05	1047.05	1047.05	850	850	850	5350	CE	24/04/2014	00:00:02
06/03/2014	P.D.SHAH (HUF)	P. D. Shah (HUF)	11:55:17	11:55:15	11:55:17	1047.05	1047.05	1047.05	550	550	550	5350	CE	24/04/2014	00:00:02
06/03/2014	P.D.SHAH (HUF)	P. D. Shah (HUF)	11:56:50	11:56:48	11:56:50	1048.05	1048.05	1048.05	1450	1450	1450	5350	CE	24/04/2014	00:00:02
06/03/2014	P.D.SHAH (HUF)	P. D. Shah (HUF)	11:57:13	11:57:11	11:57:13	1049.05	1049.05	1049.05	1250	1250	1250	5350	CE	24/04/2014	00:00:02
06/03/2014	P.D.SHAH (HUF)	P. D. Shah (HUF)	11:55:54	11:55:51	11:55:54	1047.05	1047.05	1047.05	2200	2200	2200	5350	CE	24/04/2014	00:00:03
06/03/2014	P.D.SHAH (HUF)	P. D. Shah (HUF)	11:54:37	11:54:34	11:54:37	1047.05	1047.05	1047.05	650	650	650	5350	CE	24/04/2014	00:00:03
06/03/2014	P.D.SHAH (HUF)	P. D. Shah (HUF)	11:54:59	11:54:55	11:54:59	1047.05	1047.05	1047.05	750	750	750	5350	CE	24/04/2014	00:00:04
06/03/2014	P.D.SHAH (HUF)	P. D. Shah (HUF)	11:56:21	11:56:17	11:56:21	1047.05	1047.05	1047.05	1350	1350	1350	5350	CE	24/04/2014	00:00:04
06/03/2014	P.D.SHAH (HUF)	P. D. SHAH (HUF)	11:59:50	11:59:47	11:59:50	377.65	377.65	377.65	8750	8750	9000	6750	PE	24/04/2014	00:00:03
10/03/2014	P.D.SHAH (HUF)	P. D. SHAH (HUF)	10:55:20	10:55:23	10:55:23	1290.05	1290.05	1290.05	6350	6500	6350	5250	CE	29/05/2014	00:00:03
04/03/2014	P. D. SHAH (HUF)	P. D. Shah (HUF)	11:14:15	11:14:19	11:14:19	467.45	467.45	467.45	4250	4500	4250	6800	PE	26/06/2014	00:00:04

- 40.9.9. I note from the above table that Noticee 7 entered into 16 self-trades during 28.02.2014 to 10.03.2014 in Nifty index options contracts. I also note that the time difference between buy and sell orders of Noticee 7 in all of aforesaid 16 self-trades was in the range of 2 to 7 seconds.
- 40.9.10. I note from the above table that in each of the above trades, Noticee 7 had placed simultaneous buy and sell orders in contracts of Nifty index options at the same price repetitively during 28.02.2014 to 10.03.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 06.03.2014, Noticee 7 placed a limit sell order at 11:51:00 AM for quantity 9500 in NIFTY-5150-CE (expiry date – 24/04/2014) at price Rs.1299.25; and within seven seconds i.e. at 11:51:07 AM, Noticee 7 placed a limit buy order for quantity 9050 at exactly the same price in the same contract resulting in the orders getting executed at 11:51:07 AM for quantity 9050 at price Rs.1299.25.
- 40.9.11. Likewise was the pattern of Noticee 7 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 7 had entered into self-trades for 68050 quantity being Rs. 67988795 in value.
- 40.9.12. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 7 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 7 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is

also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '*...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...'*

40.9.13. This apart, from the analysis of the square off trades between Noticee 7 and Noticee 30, as pairs and self-trades of Noticee 7 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter the square off trades, either of the Noticees or both Noticee 7 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 7 and Noticee 30, as pairs, are given as under:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif_buy_sell_ord
12/02/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	13:37:50	13:37:56	13:37:56	1043.1	1043.1	1043.1	6750	7000	6750	5050	CE	27/03/2014	NIFTY	00:00:06
17/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. SHAH HUF	10:55:54	10:55:48	10:55:54	1087.65	1087.65	1087.65	6750	6750	7000	5050	CE	27/03/2014	NIFTY	00:00:06
28/02/2014	P. D. SHAH (HUF)	P. D. Shah (HUF)	12:21:05	12:21:08	12:21:08	1176.45	1176.45	1176.45	6750	7150	6750	5050	CE	27/03/2014	NIFTY	00:00:03
03/03/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	12:19:03	12:18:57	12:19:03	1239.85	1239.85	1239.85	6750	6750	7000	5050	CE	27/03/2014	NIFTY	00:00:06
18/02/2014	P. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	14:08:32	14:08:45	14:08:45	1085.25	1085.25	1085.25	5750	6000	5750	5050	CE	24/04/2014	NIFTY	00:00:13
20/02/2014	NIRSHILP SECURITIES PVT. LTD.	P. D. SHAH (HUF)	11:30:07	11:30:03	11:30:07	1207.45	1207.45	1207.45	5750	5750	6000	5050	CE	24/04/2014	NIFTY	00:00:04
06/03/2014	P. D. SHAH (HUF)	P. D. Shah (HUF)	11:48:23	11:48:20	11:48:23	1398.5	1398.5	1398.5	5750	5750	6000	5050	CE	24/04/2014	NIFTY	00:00:03
11/03/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	12:15:35	12:15:38	12:15:38	1484.05	1484.05	1484.05	5750	5750	5750	5050	CE	24/04/2014	NIFTY	00:00:03

40.9.14. I note from the above trade details that on 12/02/2014 in NIFTY-5050-CE (expiry date - 27/03/2014), Noticee 7 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 6750 at price of Rs.1043.1. This trade for quantity 6750 was squared off between Noticee 7 (Seller) and Noticee 30 (Buyer) on 17/02/2014 wherein Noticee 7 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 6750 at price of Rs. 1087.65.

40.9.15. Thereafter, I note that Noticee 7 carried out a self-trade for same quantity on 28/02/2014 wherein Noticee 7 placed a limit buy order at 12:21:05 for quantity of 7150 in NIFTY-5050-CE (expiry date - 27/03/2014) at price of

Rs.1176.45; and within three seconds i.e. at 12:21:08, Noticee 7 synchronized its trades and placed a limit sell order for the same quantity as that of square off trades i.e. 6750 at exactly the same price as that of the buy order i.e. Rs. 1176.45. The orders got executed at 12:21:08 for the quantity of 6750 at the price of Rs.1176.45.

40.9.16. Likewise, it is observed that few days later, Noticee 30 carried out a self-trade for exact same quantity as that of the squared off trades i.e., on 03/03/2014, Noticee 30 placed a limit sell order at 12:18:57 for quantity of 7000 in NIFTY-5050-CE (expiry date - 27/03/2014) at price of Rs.1239.85; and within six seconds i.e. at 12:19:03, Noticee 30 synchronized its trades and placed a limit buy order for the same quantity as that of square off trades i.e. 6750 at exactly the same price as that of the sell order i.e. Rs.1239.85. The orders got executed at 12:19:03 for the quantity of 6750 at the price of Rs.1239.85.

40.9.17. I am of the view that it cannot be a mere coincidence that both the Noticees, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same quantity within few days in the same options contract. Similar pattern was observed on other days as well.

40.9.18. In view thereof, considering that Noticee 7 and 30 had entered into 17 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 7 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades. Further, by entering into 16 self-trades, Noticee 7 created misleading appearance of trading in illiquid NIFTY option contracts.



#### 40.10. Trades between Noticee 8 and Noticee 30:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
03/03/2014	NIRSHILP SECURITIES PVT.LTD.	R. D. SHAH (HUF)	11:34:59	11:34:42	11:34:59	411	411	411	5100	5150	5150	6700	PE	27/03/2014	NIFTY	00:00:17
07/02/2014	NIRSHILP SECURITIES PVT. LTD.	R.D.SHAH HUF	11:33:39	11:33:32	11:33:39	958.35	958.35	958.35	3550	3550	3900	5250	CE	24/04/2014	NIFTY	00:00:07
18/02/2014	NIRSHILP SECURITIES PVT. LTD.	R. D. Shah (HUF)	13:56:04	13:55:59	13:56:04	945.85	945.85	945.85	8250	8250	8500	5300	CE	24/04/2014	NIFTY	00:00:05
12/02/2014	NIRSHILP SECURITIES PVT LTD	R. D. SHAH (HUF)	13:23:59	13:23:52	13:23:59	739.1	739.1	739.1	4150	4150	4500	6850	PE	24/04/2014	NIFTY	00:00:07
13/02/2014	NIRSHILP SECURITIES PVT. LTD.	R.D.SHAH HUF	13:35:58	13:35:50	13:35:58	784.8	784.8	784.8	1000	1000	1250	6850	PE	24/04/2014	NIFTY	00:00:08
05/03/2014	NIRSHILP SECURITIES PVT LTD	R. D. Shah (HUF)	10:53:22	10:52:51	10:53:22	1104.75	1104.75	1104.75	9150	9150	9500	5350	CE	29/05/2014	NIFTY	00:00:31
07/03/2014	NIRSHILP SECURITIES PVT. LTD.	R. D. Shah (HUF)	13:47:33	13:47:31	13:47:33	834.65	834.65	834.65	9350	9350	9500	7250	PE	29/05/2014	NIFTY	00:00:02

40.10.1. I note from the material available on record as also evident from the details in table above that Noticee 8 and Noticee 30 entered into 7 trades between themselves during 07.02.2014 to 07.03.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 8 and Noticee 30 in 7 such trades was in the range of 2 to 31 seconds.

40.10.2. To illustrate the pattern adopted by Noticee 8 and Noticee 30, for brevity, an instance of synchronized trade between Noticee 8 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

40.10.3. On 18.02.2014, Noticee 8 placed a buy order at 13:55:59 for quantity 8500 in NIFTY-5300-CE (expiry date - 24/04/2014) at price Rs.945.85; exactly within five seconds i.e. at 13:56:04, Noticee 30 placed a sell order for quantity 8250 at the exact same price as that of Noticee 8 viz., Rs.945.85 resulting in the orders getting executed at 13:56:04 for quantity 8250 at price Rs.945.85.

40.10.4. I note from the above table that Noticee 8 and Noticee 30 traded in similar manner repetitively during 07.02.2014 to 07.03.2014.

40.10.5. I also note from the analysis of trade data as also evident from table above that out of total 7 trades between the said pair of Noticee 8 and Noticee 30 during the IP, in all trades, it was Noticee 8 who was placing orders first which then were followed by Noticee 30 placing the counter

order within few seconds /less than a minute of exact same price and matching quantity or with marginally varying quantity.

40.10.6. In view thereof, considering that Noticee 8 and 30 had entered into 7 synchronised trades in Nifty Index Options Contracts wherein the buy and sell orders were placed within a minute across all trades involving different contract types (CE/ PE), different strike prices, different expiries; the synchronization of trades cannot be just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

40.10.7. **As regards Noticee 8, it was also alleged that Noticee 8 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

**Self trades of Noticee 8:**

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Trd_diff_buy_sell_ord
28/02/2014	R.D.SHAH (HUF)	R.D. SHAH (HUF)	12:16:03	12:15:58	12:16:03	1105.25	1105.3	1105	3550	3550	4500	5250	CE	24/04/2014	00:00:05
28/02/2014	R. D. Shah (HUF)	R.D.SHAH (HUF)	14:21:11	14:21:16	14:21:16	1003.05	1003.1	1003	950	1250	950	5300	CE	24/04/2014	00:00:05
06/03/2014	R. D. Shah (HUF)	R.D.SHAH (HUF)	11:39:30	11:39:28	11:39:30	1092.1	1092.1	1092	1300	1300	1300	5300	CE	24/04/2014	00:00:02
06/03/2014	R. D. Shah (HUF)	R.D.SHAH (HUF)	11:36:05	11:36:03	11:36:05	1093.25	1093.3	1093	1350	1350	1350	5300	CE	24/04/2014	00:00:02
06/03/2014	R. D. Shah (HUF)	R.D.SHAH (HUF)	11:36:31	11:36:29	11:36:31	1093.35	1093.4	1093	850	850	850	5300	CE	24/04/2014	00:00:02
06/03/2014	R. D. Shah (HUF)	R.D.SHAH (HUF)	11:35:32	11:35:30	11:35:32	1093.5	1093.5	1094	1000	1000	1000	5300	CE	24/04/2014	00:00:02
06/03/2014	R. D. Shah (HUF)	R.D.SHAH (HUF)	11:38:15	11:38:12	11:38:15	1092.75	1092.8	1093	1450	1450	1450	5300	CE	24/04/2014	00:00:03
06/03/2014	R. D. Shah (HUF)	R.D.SHAH (HUF)	11:39:09	11:38:55	11:39:09	1092.6	1092.6	1093	1250	1250	1250	5300	CE	24/04/2014	00:00:14
03/03/2014	R. D. SHAH (HUF)	R.D. Shah (HUF)	11:55:00	11:55:09	11:55:09	531.5	531.5	531.5	4150	4150	4150	6850	PE	24/04/2014	00:00:09
06/03/2014	R.D.SHAH (HUF)	R.D. Shah (HUF)	11:43:08	11:43:06	11:43:08	470.1	470.1	470.1	1000	1000	1000	6850	PE	24/04/2014	00:00:02
10/03/2014	R. D. Shah (HUF)	R.D.SHAH (HUF)	11:19:43	11:19:39	11:19:43	1329.65	1329.7	1330	9150	9150	9500	5350	CE	29/05/2014	00:00:04
10/03/2014	R. D. Shah (HUF)	R.D. SHAH (HUF)	10:52:50	10:52:46	10:52:50	990.85	990.85	990.9	9350	9350	9500	7250	PE	29/05/2014	00:00:04

40.10.8. I note from the above table that Noticee 8 entered into 12 self-trades during 28.02.2014 to 10.03.2014 in Nifty index options contracts. I also note that the time difference between buy and sell orders of Noticee 8 in all of aforesaid 12 self-trades was in the range of 2 to 14 seconds.

- 40.10.9. I note from the above table that in each of the above trades, Noticee 8 had placed simultaneous buy and sell orders in contracts of Nifty index options at the same price repetitively during 28.02.2014 to 10.03.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 03.03.2014, Noticee 8 placed a limit buy order at 11:55:00 AM for quantity 4150 in NIFTY-6850-PE (expiry date – 24/04/2014) at price Rs.531.5; and within nine seconds i.e. at 11:55:09 AM, Noticee 8 placed a limit sell order for the same quantity at exactly the same price in the same contract resulting in the orders getting executed at 11:55:09 AM for quantity 4150 at price Rs.531.5.
- 40.10.10. Likewise was the pattern of Noticee 8 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 8 had entered into self-trades for 35350 quantity being Rs. 36851808 in value.
- 40.10.11. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 8 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 8 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '*...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...*'.

### 40.11. Trades between Noticee 9 and Noticee 30:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
08/10/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	11:50:31	11:50:37	11:50:37	627.45	627.45	627.45	7900	8000	7900	7250	CE	27/11/2014	NIFTY	00:00:06
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	13:38:31	13:38:45	13:38:45	746.85	746.85	746.85	450	500	450	7250	CE	27/11/2014	NIFTY	00:00:14
10/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	14:38:17	14:38:09	14:38:17	741.65	741.65	741.65	7450	7450	7750	7250	CE	27/11/2014	NIFTY	00:00:08
13/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:39:34	10:39:27	10:39:34	1015.85	1015.85	1015.85	4850	4850	5050	8850	PE	27/11/2014	NIFTY	00:00:07
14/10/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	14:46:39	14:46:56	14:46:56	824.65	824.65	824.65	4850	5150	4850	8850	PE	27/11/2014	NIFTY	00:00:17
13/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	12:08:23	12:08:39	12:08:39	1140.5	1140.5	1140.05	1000	1000	2200	7250	CE	24/12/2014	NIFTY	00:00:16
13/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	12:08:05	12:08:39	12:08:39	1140.05	1140.05	1140.05	1200	1200	2200	7250	CE	24/12/2014	NIFTY	00:00:34
03/12/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	14:06:04	14:05:57	14:06:04	1345	1347.15	1345	50	2200	50	7250	CE	24/12/2014	NIFTY	00:00:07
03/12/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	14:06:04	14:05:50	14:06:04	1347.15	1347.15	1347.15	2150	2200	2200	7250	CE	24/12/2014	NIFTY	00:00:14
03/12/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	14:16:09	14:16:17	14:16:17	1192.5	1192.5	1192.25	50	50	4150	7350	CE	24/12/2014	NIFTY	00:00:08
03/12/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	14:16:03	14:16:17	14:16:17	1192.25	1192.25	1192.25	4100	4150	4150	7350	CE	24/12/2014	NIFTY	00:00:14
08/12/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:55:51	10:55:44	10:55:51	1241	1241.55	1241	50	4150	50	7350	CE	24/12/2014	NIFTY	00:00:07
08/12/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:55:51	10:55:38	10:55:51	1241.55	1241.55	1241.55	4100	4150	4150	7350	CE	24/12/2014	NIFTY	00:00:13
10/11/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	11:43:51	11:43:38	11:43:51	1003	1003.75	1003	50	2450	50	7450	CE	24/12/2014	NIFTY	00:00:13
10/11/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	11:43:51	11:43:29	11:43:51	1003.75	1003.75	1003.75	2400	2450	2650	7450	CE	24/12/2014	NIFTY	00:00:22
12/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	14:17:20	14:17:38	14:17:38	964	964	963.15	50	50	2450	7450	CE	24/12/2014	NIFTY	00:00:18
12/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	14:17:13	14:17:38	14:17:38	963.15	963.15	963.15	2400	2450	2450	7450	CE	24/12/2014	NIFTY	00:00:25
09/10/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	11:52:49	11:52:55	11:52:55	940.75	940.75	940.75	1250	1500	1250	9050	PE	24/12/2014	NIFTY	00:00:06
10/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	9:53:15	9:53:11	9:53:15	1085.3	1085.3	1085.3	1250	1250	1500	9050	PE	24/12/2014	NIFTY	00:00:04
16/10/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	13:49:31	13:49:41	13:49:41	1352.65	1352.65	1352.65	3650	3950	3650	9350	PE	24/12/2014	NIFTY	00:00:10
17/10/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	13:31:32	13:31:20	13:31:32	1492.5	1492.5	1492.5	3650	3650	3900	9350	PE	24/12/2014	NIFTY	00:00:12
10/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	11:41:05	11:41:18	11:41:18	946	946	945.25	50	50	2650	7450	CE	29/01/2015	NIFTY	00:00:13
10/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	11:40:56	11:41:18	11:41:18	945.25	945.25	945.25	2600	2700	2650	7450	CE	29/01/2015	NIFTY	00:00:22
13/11/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:20:04	10:20:32	10:20:32	1009.5	1009.5	1009.15	25	25	2650	7450	CE	29/01/2015	NIFTY	00:00:28
13/11/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:19:57	10:20:32	10:20:32	1009.15	1009.15	1009.15	2625	2650	2650	7450	CE	29/01/2015	NIFTY	00:00:35

40.11.1. I note from the above table that Noticee 9 and Noticee 30 entered into 25 trades between themselves during 08.10.2014 to 08.12.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 9 and Noticee 30 in all 25 trades was in the range of 4 to 35 seconds. Noticee 9 and Noticee 30 squared off the initial position in short period of time, mostly within one or two trading days.

- 40.11.2. To illustrate the pattern adopted by Noticee 9 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 9 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:
- 40.11.3. On 13.10.2014 (first leg), Noticee 9 placed a sell order at 10:39:27 for quantity 5050 in NIFTY-8850-PE (expiry date - 27/11/2014) at price Rs.1015.85; exactly within seven seconds i.e. at 10:39:34, Noticee 30 placed a buy order for quantity 4850 at exact same price as that of Noticee 9 viz., Rs.1015.85 resulting in the orders getting executed at 10:39:34 for quantity 4850 at price Rs.1015.85. Noticee 9 and Noticee 30 squared off this trade on 14.10.2014 (second leg). On 14.10.2014, Noticee 9 placed buy order at 14:46:39 for quantity 5150 at price Rs.824.65; after seventeen seconds i.e. at 14:46:56, Noticee 30 placed sell order for quantity 4850 at exact same price as that of Noticee 9 viz., Rs.824.65 resulting in the orders getting executed at 14:46:56 for quantity 4850 at price Rs.824.65. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 13.10.2014 and second leg on 14.10.2014 were placed within seven and seventeen seconds respectively. Further as evident from above, the first leg of trade in NIFTY-8850-PE (expiry date - 27/11/2014) between Noticee 9 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading days viz., on 14.10.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 9 of Rs.9, 27,320/- respectively.
- 40.11.4. I note from the above table that Noticee 9 and Noticee 30 traded in similar manner repetitively during 08.10.2014 to 08.12.2014.
- 40.11.5. I also note from the analysis of trade data as also evident from table above that out of total 25 trades between the said pair of Noticee 9 and Noticee 30 during the IP, in all trades save for few instances, it was Noticee 9 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price and same quantity or with marginally varying

quantity. To cite as instance, out of total 25 instances of trades as in table above, Noticee 9 had placed the orders first in 22 out of 25 instances viz., as buyer in 12 and as seller in 10 instances each.

40.11.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 9 came as buyer or seller in first leg of impugned trades between Noticee 9 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 9 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 9 booking profit, in all the twenty six instances of trading between the two during the IP. Total profit and loss across all 25 trades being Rs. 3451294/-.

40.11.7. I note from the table above that Noticee 9 and Noticee 30 had traded between themselves across the expiries from November 2014 to January 2015 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within one or two trading days. For example, in the months of October 2014, they took positions in placed and call options of different strike rates of Nifty index options for expiry date of 24.12.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 9 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly few days, resulting in booking of loss by Noticee 30 and profit by Noticee 9.

40.11.8. **As regards Noticee 9, it was also alleged that Noticee 9 had created misleading appearance of trading in illiquid NIFTY option contracts**

through indulging in self trades. In this regard, the details and analysis of self-trades are as under:

Self trades of Noticee 9:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Trd_diff_buy_sell_ord
26/11/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	15:01:54	15:02:00	15:02:00	1209	1209	1208.5	50	50	450	7250	CE	27/11/2014	00:00:06
26/11/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	15:00:22	15:00:30	15:00:30	1200.5	1200.5	1200.25	50	50	7450	7250	CE	27/11/2014	00:00:08
26/11/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	15:01:47	15:02:00	15:02:00	1208.5	1208.5	1208.5	400	450	450	7250	CE	27/11/2014	00:00:13
26/11/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	15:00:13	15:00:30	15:00:30	1200.25	1200.25	1200.25	7400	7450	7450	7250	CE	27/11/2014	00:00:17
26/11/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	14:57:00	14:57:06	14:57:06	350.5	350.5	350.1	50	50	4850	8850	PE	27/11/2014	00:00:06
26/11/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	14:56:53	14:57:06	14:57:06	350.1	350.1	350.1	4800	4850	4850	8850	PE	27/11/2014	00:00:13
12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:56:15	10:56:19	10:56:19	1092.5	1092.5	1092	50	50	2200	7250	CE	24/12/2014	00:00:04
12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:56:10	10:56:19	10:56:19	1092	1092	1092	2150	2200	2200	7250	CE	24/12/2014	00:00:09
24/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	11:43:46	11:43:26	11:43:46	916	916.5	916	50	4150	50	7350	CE	24/12/2014	00:00:20
24/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	11:43:46	11:43:14	11:43:46	916.5	916.5	916.5	4100	4150	4150	7350	CE	24/12/2014	00:00:32
12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:57:49	10:57:38	10:57:49	906.5	907	906.5	50	2450	50	7450	CE	24/12/2014	00:00:11
12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:57:49	10:57:28	10:57:49	907	907	907	2400	2450	2450	7450	CE	24/12/2014	00:00:21
12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:54:35	10:54:25	10:54:35	692.5	693	692.5	50	1250	50	9050	PE	24/12/2014	00:00:10
12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:54:35	10:54:17	10:54:35	693	693	693	1200	1250	1250	9050	PE	24/12/2014	00:00:18
24/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	11:44:59	11:44:44	11:44:59	1098	1098.75	1098	50	3650	50	9350	PE	24/12/2014	00:00:15
24/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	11:44:59	11:44:40	11:44:59	1098.75	1098.75	1098.75	3600	3650	3650	9350	PE	24/12/2014	00:00:19
29/01/2015	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	13:29:25	13:29:51	13:29:51	1425	1425	1425	2625	2625	2650	7450	CE	29/01/2015	00:00:26
29/01/2015	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	13:29:16	13:29:51	13:29:51	1426.5	1426.5	1425	25	25	2650	7450	CE	29/01/2015	00:00:35

40.11.9. I note from the above table that Noticee 9 entered into 18 self-trades during 26.11.2014 to 29.01.2015 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 9 in all of aforesaid 18 self-trades was in the range of 4 to 35 seconds.

40.11.10. I note from the above table that in each of the above trades, Noticee 9 had placed simultaneous buy and sell orders in contracts of Nifty index options at the same price repetitively during 26.11.2014 to 29.01.2015 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 24.12.2014, Noticee 9 placed a two limit sell orders at 11:43:14 AM and 11:43:26 AM for quantities of 4150 and 50 in NIFTY-7350-CE (expiry date –

24/12/2014) at difference of 5 paisa in price i.e. for Rs.916.5 and Rs.916 respectively; and within twenty seconds of last order placed i.e. at 11:43:46 AM, Noticee 9 placed a limit buy order for quantity 4150 at exactly the same price Rs.916.5 in the same contract resulting in the orders getting executed at 11:43:46 AM for quantity 4100 and 50 at price Rs.916.5 and Rs.916 respectively.

40.11.11. Likewise was the pattern of Noticee 9 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 9 had entered into self-trades for 29100 quantity being Rs. 28264643 in value.

40.11.12. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 9 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 9 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '*...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...*'.

**40.11.13. This apart, from the analysis of the square off trades between Noticee 9 and Noticee 30, as pairs and self-trades of Noticee 9 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter**



the square off trades, either of the Noticees or both Noticee 9 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 9 and Noticee 30, as pairs, are given as under:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
10/11/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	11:43:51	11:43:38	11:43:51	1003	1003.75	1003	50	2450	50	7450	CE	24/12/2014	NIFTY	00:00:13
10/11/2014	NIRSHILP SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	11:43:51	11:43:29	11:43:51	1003.75	1003.75	1003.75	2400	2450	2650	7450	CE	24/12/2014	NIFTY	00:00:22
12/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	14:17:20	14:17:38	14:17:38	964	964	963.15	50	50	2450	7450	CE	24/12/2014	NIFTY	00:00:18
12/11/2014	VAIPAN SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	14:17:13	14:17:38	14:17:38	963.15	963.15	963.15	2400	2450	2450	7450	CE	24/12/2014	NIFTY	00:00:25
12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:57:49	10:57:38	10:57:49	906.5	907	906.5	50	2450	50	7450	CE	24/12/2014	NIFTY	00:00:11
12/12/2014	VAIPAN SECURITIES PVT. LTD.	VAIPAN SECURITIES PVT. LTD.	10:57:49	10:57:28	10:57:49	907	907	907	2400	2450	2450	7450	CE	24/12/2014	NIFTY	00:00:21
24/12/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	13:06:37	13:06:49	13:06:49	775.5	775.5	775	50	50	2450	7450	CE	24/12/2014	NIFTY	00:00:12
24/12/2014	NIRSHILP SECURITIES PVT. LTD.	NIRSHILP SECURITIES PVT. LTD.	13:06:33	13:06:49	13:06:49	775	775	775	2400	2450	2450	7450	CE	24/12/2014	NIFTY	00:00:16

40.11.14. I note from the above trade details that there were two trades each on both legs of the square off trades. As regards the first leg of the square off trades, on 10/11/2014 in NIFTY-7450-CE (expiry date - 24/12/2014), Noticee 9 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 50 at price of Rs. 1003 and thereafter, another trade on the same day was carried out between Noticee 9 and Noticee 30 for quantity 2400 at price of Rs. 1003.75.

40.11.15. These two trades for quantity 50 and 2400 were squared off through two trades of same quantity between Noticee 9 (Buyer) and Noticee 30 (Seller), to illustrate, on 12/11/2014, Noticee 9 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity of 50 at price of Rs. 964 and for quantity of 2400 at price of Rs. 963.15.

40.11.16. Pursuant to the square off trades, it is observed that both Noticee 9 and Noticee 30 carried out self-trades for exact same quantity of 50 and 2400 (being the square off quantity in the same nifty options contract) just within a few days.

40.11.17. I note that on 12/12/2014, Noticee 9 placed two limit sell order at 10:57:28 and 10:57:38 for quantity of 50 and 2450 in NIFTY-7450-CE (expiry date

- 24/12/2014), at price of Rs.906.5 and 907 respectively; and within eleven seconds and twenty one seconds from aforesaid sell orders i.e. at 10:57:49, Noticee 9 synchronized its trades and placed a limit buy order for the same quantity as that of square off trades i.e. 2450 at matching price of Rs. 907. Both the sell orders got executed at 10:57:49 for the quantity of 50 and 2400 at price of Rs. 906.5 and 907 respectively.

40.11.18. Likewise, it is observed that Noticee 30 also carried out self-trades for exact same quantity i.e. 50 and 2400 being 2450 in total as that of the squared off trades. Noticee 30 placed two limit buy order at 13:06:33 and at 13:06:37 for quantity of 50 and 2450 in NIFTY-7450-CE (expiry date - 24/12/2014), at price of Rs.775.5 and 775 respectively; and within twelve seconds and sixteen seconds from aforesaid buy orders i.e. at 10:57:49, Noticee 30 synchronized its trades and placed a limit sell order for the same quantity as that of square off trades i.e. 2450 at matching price of Rs. 775. Both the buy orders got executed at 13:06:49 for the quantity of 50 and 2400 at price of Rs. 777.5 and 775 respectively.

40.11.19. I am of the view that it cannot be a mere coincidence that both the Noticees, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same quantity within few days in the same options contract. Similar pattern was observed on other days as well.

40.11.20. In view thereof, considering that Noticee 9 and 30 had entered into 25 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 9 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-

genuine trades. Further, by entering into 18 self-trades, Noticee 9 created misleading appearance of trading in illiquid NIFTY option contracts.

#### 40.12. Trades between Noticee 10 and Noticee 30:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
11/02/2014	S. D. SHAH (HUF)	NIRSHILP SECURITIES PVT LTD	12:02:02	12:02:10	12:02:10	651.65	651.65	651.65	8250	8500	8250	6850	PE	27/03/2014	NIFTY	00:00:08
13/02/2014	NIRSHILP SECURITIE S PVT. LTD.	S. D. SHAH (HUF)	11:07:56	11:07:50	11:07:56	804.75	804.75	804.75	7050	7050	7400	6850	PE	27/03/2014	NIFTY	00:00:06
17/02/2014	NIRSHILP SECURITIE S PVT. LTD.	S. D. SHAH (HUF)	11:00:25	11:00:20	11:00:25	790.25	790.25	790.25	1200	1200	1500	6850	PE	27/03/2014	NIFTY	00:00:05
06/02/2014	S. D. SHAH (HUF)	NIRSHILP SECURITIES PVT. LTD.	13:13:13	13:13:20	13:13:20	945.1	945.1	945.1	6050	6250	6050	5050	CE	24/04/2014	NIFTY	00:00:07
11/02/2014	NIRSHILP SECURITIE S PVT. LTD.	S. D. Shah (HUF)	10:56:41	10:56:35	10:56:41	1167.1	1167.1	1167.1	6050	6050	6250	5050	CE	24/04/2014	NIFTY	00:00:06
13/02/2014	S. D. Shah (HUF)	NIRSHILP SECURITIES PVT. LTD.	13:49:06	13:49:12	13:49:12	821.1	821.1	821.1	7800	8150	7800	5250	CE	24/04/2014	NIFTY	00:00:06
17/02/2014	NIRSHILP SECURITIE S PVT. LTD.	S. D. SHAH (HUF)	13:08:37	13:08:33	13:08:37	927.35	927.35	927.35	7800	7800	8000	5250	CE	24/04/2014	NIFTY	00:00:04
21/02/2014	S. D. SHAH (HUF)	NIRSHILP SECURITIES PVT. LTD.	11:49:20	11:49:28	11:49:28	507.9	507.9	507.9	1050	1200	1050	6700	PE	25/09/2014	NIFTY	00:00:08

40.12.1. I note from the material available on record as also evident from the details in table above that Noticee 10 and Noticee 30 entered into 8 trades between themselves during 06.02.2014 to 21.02.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 10 and Noticee 30 in all 8 trades was in the range of 4 to 8 seconds. Noticee 10 and Noticee 30 squared off the initial position in short period of time, mostly within one or two trading days.

40.12.2. To illustrate the pattern adopted by Noticee 30 and Noticee 10, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 10, as pairs, as observed from analysis of trade log, as example, is given below:

40.12.3. On 13.02.2014 (first leg), Noticee 10 placed a buy order at 13:49:06 for quantity 8150 in NIFTY-5250-CE (expiry date - 24/04/2014) at price Rs.821.1; exactly within six seconds i.e. at 13:49:12, Noticee 30 placed a sell order for quantity 7800 at exact same price as that of Noticee 10 viz., Rs.821.1 resulting in the orders getting executed at 13:49:12 for quantity 7800 at price Rs.821.1. Noticee 10 and Noticee 30 squared off this trade on 17.02.2014 (second leg). On 17.02.2014, Noticee 10 placed sell order

at 13:08:33 for quantity 8000 at price Rs.927.35; after four seconds i.e. at 13:08:37, Noticee 30 placed buy order for quantity 7800 at exact same price as that of Noticee 10 viz., Rs.927.35 resulting in the orders getting executed at 13:08:37 for quantity 7800 at price Rs.927.35. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 13.02.2014 and second leg on 17.02.2014 were placed within six and four seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5250-CE (expiry date - 24/04/2014) between Noticee 10 and Noticee 30 was squared off by said pair of Noticee's between themselves within just four trading days viz., on 17.02.2014 by trading in similar synchronized manner and booking of loss and profit by Noticee 30 and Noticee 10 of Rs.8,28,750/- respectively.

- 40.12.4. I note from the above table that Noticee 10 and Noticee 30 traded in similar manner repetitively during 06.02.2014 to 21.02.2014.
- 40.12.5. I also note from the analysis of trade data as also evident from table above that out of total 8 trades between the said pair of Noticee 10 and Noticee 30 during the IP, in all trades, it was Noticee 10 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price and same quantity or with marginally varying quantity. To cite as instance, out of total 8 instances of trades as in table above, Noticee 10 had placed the orders first in 8 out of 8 instances as buyer in 4 and seller in 4 instances.
- 40.12.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 10 came as buyer or seller in first leg of impugned trades between Noticee 10 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 10 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 10 booking profit, in all the 8 instances of trading between the two during the IP. Total profit and loss across all 8 trades being Rs. 3448015/-.

40.12.7. I note from the table above that Noticee 10 and Noticee 30 had traded between themselves across the expiries from March 2014 to September 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within few trading days. For example, in the months of February and March 2014, they took positions in placed and call options of different strike rates of Nifty index options for expiry date of 25.09.2014 and squared off the same within few trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days in all the aforesaid instances. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 10 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly few days, resulting in booking of loss by Noticee 30 and profit by Noticee 10.

40.12.8. **As regards Noticee 10, it was also alleged that Noticee 10 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

**Self trades of Noticee 10:**

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Trd_diff_buy_sell_ord
03/03/2014	S. D. SHAH (HUF)	S. D. SHAH (HUF)	11:27:56	11:27:49	11:27:56	588.05	588.05	588.05	8250	8250	8500	6850	PE	27/03/2014	00:00:07
06/03/2014	S. D. Shah (HUF)	S. D. SHAH (HUF)	12:05:42	12:05:45	12:05:45	1323.05	1323.05	1323.05	500	500	500	5050	CE	24/04/2014	00:00:03
06/03/2014	S. D. Shah (HUF)	S. D. SHAH (HUF)	14:52:37	14:52:41	14:52:41	1358.5	1358.5	1358.5	4300	4300	4300	5050	CE	24/04/2014	00:00:04
06/03/2014	S. D. Shah (HUF)	S. D. SHAH (HUF)	12:02:59	12:02:55	12:02:59	1376.05	1376.05	1376.05	750	750	750	5050	CE	24/04/2014	00:00:04
06/03/2014	S. D. Shah (HUF)	S. D. SHAH (HUF)	12:04:33	12:04:21	12:04:33	1362.05	1362.05	1362.05	500	500	500	5050	CE	24/04/2014	00:00:12
04/03/2014	S. D. SHAH (HUF)	S. D. Shah (HUF)	14:45:50	14:45:46	14:45:50	1138.85	1138.85	1138.85	7800	7800	8000	5250	CE	24/04/2014	00:00:04
06/03/2014	S. D. SHAH (HUF)	S. D. SHAH (HUF)	14:46:08	14:46:15	14:46:15	448.05	448.05	448.05	1050	1050	1050	6700	PE	25/09/2014	00:00:07

- 40.12.9. I note from the above table that Noticee 10 entered into 7 self-trades during 03.03.2014 to 06.03.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 10 in all of aforesaid 7 self-trades was in the range of 3 to 12 seconds.
- 40.12.10. note from the above table that in each of the above trades, Noticee 10 had placed simultaneous buy and sell orders in contracts of Nifty index options at the same price repetitively during 03.03.2014 to 06.03.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 04.03.2014, Noticee 10 placed a limit sell order at 14:45:46 PM for quantity 8000 in NIFTY-5250-CE (expiry date – 24/04/2014) at price Rs.1138.85; and within four seconds i.e. at 14:45:50 PM, Noticee 10 placed a limit buy order for quantity 7800 at exactly the same price in the same contract. The orders got executed at 14:45:50 PM for quantity 7800 at price Rs.1138.85.
- 40.12.11. Likewise was the pattern of Noticee 10 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 10 had entered into self-trades for 23150 quantity being Rs. 22421033 in value.
- 40.12.12. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 10 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 10 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited

wherein Hon'ble SAT inter alia held that '*...It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...*'. Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '*...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...*'.

**40.12.13. This apart, from the analysis of the square off trades between Noticee 10 and Noticee 30, as pairs and self-trades of Noticee 10 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter the square off trades, either of the Noticees or both Noticee 10 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 10 and Noticee 30, as pairs, are given as under:**

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
11/02/2014	S. D. SHAH (HUF)	NIRSHILP SECURITIES PVT LTD	12:02:02	12:02:10	12:02:10	651.65	651.65	651.65	8250	8500	8250	6850	PE	27/03/2014	NIFTY	00:00:08
13/02/2014	NIRSHILP SECURITIES PVT LTD	S. D. SHAH (HUF)	11:07:56	11:07:50	11:07:56	804.75	804.75	804.75	7050	7050	7400	6850	PE	27/03/2014	NIFTY	00:00:06
17/02/2014	NIRSHILP SECURITIES PVT LTD	S. D. SHAH (HUF)	11:00:25	11:00:20	11:00:25	790.25	790.25	790.25	1200	1200	1500	6850	PE	27/03/2014	NIFTY	00:00:05
03/03/2014	S. D. SHAH (HUF)	S. D. SHAH (HUF)	11:27:56	11:27:49	11:27:56	588.05	588.05	588.05	8250	8250	8500	6850	PE	27/03/2014	NIFTY	00:00:07
05/03/2014	NIRSHILP SECURITIES PVT LTD	NIRSHILP SECURITIES PVT LTD	11:51:05	11:51:01	11:51:05	555.05	555.05	555.05	8250	8250	8500	6850	PE	27/03/2014	NIFTY	00:00:04

**40.12.14.** I note from the above trade details that on 11/02/2014 in NIFTY-6850-PE (expiry date - 27/03/2014), Noticee 10 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 8250 at price of Rs. 651.65. This trade for quantity 8250 was squared off between Noticee 1 and Noticee 30 through two trades i.e. on 13/02/2014 and on 17/02/2014 wherein on 13/02/2014, Noticee 10 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity

7050 at price of Rs. 804.75 and on 17/02/2014 for quantity 1200 at price of Rs. 790.25.

- 40.12.15. It is observed that both Noticee 10 and Noticee 30 carried out self-trades for exact same quantity of 8250 (being the square off quantity in the same nifty options contract) just within few days after the square off trades.
- 40.12.16. It is observed that Noticee 10 carried out a self-trade for same quantity of 8250 on 21/03/2014 wherein Noticee 10 placed a limit sell order at 11:27:49 for quantity of 8500 in NIFTY-6850-PE (expiry date - 27/03/2014), at price of Rs.588.05; and within seven seconds i.e. at 11:27:56, Noticee 10 synchronized its trades and placed a limit buy order for the same quantity as that of square off trades i.e. 8250 at exactly the same price as that of his sell order i.e. Rs.588.05. The orders got executed at 11:27:56 for the quantity of 8250 at the price of Rs.588.05.
- 40.12.17. Likewise, I note that Noticee 30 carried out a self-trade for same quantity of 8250 on 05/03/2014 i.e. Noticee 30 placed a limit sell order at 11:51:01 for quantity of 8500 in NIFTY-6850-PE (expiry date - 27/03/2014), at price of Rs.555.05; and within four seconds i.e. at 11:51:05, Noticee 30 synchronized its trades and placed a limit buy order for the same quantity as that of square off trades i.e. 8250 at exactly the same price as that of the sell order i.e. Rs. 555.05. The orders got executed at 11:51:05 for the quantity of 8250 at the price of Rs.555.05.
- 40.12.18. I am of the view that it cannot be a mere coincidence that both the Noticees, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same quantity within few days in the same options contract. Similar pattern was observed on other days as well.
- 40.12.19. In view thereof, considering that Noticee 10 and 30 had entered into 8 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 10



who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades. Further, by entering into 7 self-trades, Noticee 1 created misleading appearance of trading in illiquid NIFTY option contracts.

#### 40.13. Trades between Noticee 11 and Noticee 30:

Trade date	Buy client name	Sell client name	Order time	Order time	Trade time	Trade price	Order price	Order price	Trade quantity	Order quantity	Order quantity	Strike price	Option	Expiry date	Symbol	Trade difference buy sell order
13/03/2014	PANKAJ D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:30:14	13:30:18	13:30:18	1411.05	1411.05	1411.05	8250	8500	8250	5150	CE	24/04/2014	NIFTY	00:00:04
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	PANKAJ D. SHAH	12:03:43	12:03:41	12:03:43	1514.1	1514.1	1514.1	8250	8250	8300	5150	CE	24/04/2014	NIFTY	00:00:02
12/03/2014	PANKAJ D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:31:41	14:31:45	14:31:45	1066.35	1066.35	1066.35	9750	9900	9750	5450	CE	24/04/2014	NIFTY	00:00:04
14/03/2014	NIRSHILP SECURITIES PVT. LTD.	PANKAJ D. SHAH	11:14:32	11:14:30	11:14:32	1132.95	1132.95	1132.95	4700	4700	5000	5450	CE	24/04/2014	NIFTY	00:00:02
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	PANKAJ D. SHAH	11:13:04	11:13:00	11:13:04	1207.35	1207.35	1207.35	5050	5050	5100	5450	CE	24/04/2014	NIFTY	00:00:04
21/03/2014	PANKAJ D. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:25:40	10:25:44	10:25:44	1086.25	1086.25	1086.25	7350	7350	7350	5450	CE	24/04/2014	NIFTY	00:00:04
14/03/2014	PANKAJ D. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:19:41	14:19:44	14:19:44	778.45	778.45	778.45	9050	9200	9050	7350	PE	24/04/2014	NIFTY	00:00:03
19/03/2014	NIRSHILP SECURITIES PVT. LTD.	PANKAJ D. SHAH	11:50:34	11:50:31	11:50:34	801.05	801.05	801.05	9050	9050	9250	7350	PE	24/04/2014	NIFTY	00:00:03

40.13.1. I note from the above table that Noticee 11 and Noticee 30 entered into 8 trades between themselves during 12.03.2014 to 21.03.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 11 and Noticee 30 in all 8 trades was in the range of 2 to 4 seconds. Noticee 11 and Noticee 30 squared off the initial position in short period of time, mostly within few trading days.

40.13.2. To illustrate the pattern adopted by Noticee 11 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 11 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

40.13.3. On 12.03.2014 (first leg), Noticee 11 placed a buy order at 14:31:41 for quantity 9900 in NIFTY-5450-CE (expiry date - 24/04/2014) at price Rs.1066.35; exactly within four seconds i.e. at 14:31:45, Noticee 30 placed a sell order for quantity 9750 at the exact same price as that of

Noticee 11 viz., Rs.1066.35 resulting in the orders getting executed at 14:31:45 for quantity 9750 at price Rs.1066.35. Noticee 11 and Noticee 30 squared off this trade on 14.03.2014 (second leg). On 14.03.2014, Noticee 11 placed sell order at 11:14:30 for quantity 5000 at price Rs.1132.95; after two seconds i.e. at 11:14:32, Noticee 30 placed buy order for quantity 4700 at the exact same price as that of Noticee 11 viz., Rs.1132.95 resulting in the orders getting executed at 11:14:32 for quantity 4700 at price Rs.1132.95. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 12.03.2014 and second leg on 14.03.2014 were placed within four and two seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date - 24/04/2014) between Noticee 11 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 14.03.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 11 of Rs.3, 13,020/- respectively.

- 40.13.4. I note from the above table that Noticee 11 and Noticee 30 traded in similar manner repetitively during 12.03.2014 to 21.03.2014.
- 40.13.5. I also note from the analysis of trade data as also evident from table above that out of total 8 trades between the said pair of Noticee 11 and Noticee 30 during the IP, in all trades, it was Noticee 11 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price and same quantity or with marginally varying quantity. To cite as instance, out of total 8 instances of trades as in table above, Noticee 11 had placed the orders first in 8 out of 8 instances as buyer and seller.
- 40.13.6. I note from the table above that in all the aforesaid trades irrespective of Noticee 11 came as buyer or seller in first leg of impugned trades between Noticee 11 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 11 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 11 booking profit, in all the eight instances of trading between the

two during the IP. The total profit / loss booked by Noticee 11 and Noticee 30 through aforesaid squared off trades being Rs. 2100343/-.

40.13.7. I note from the table above that Noticee 11 and Noticee 30 had traded between themselves in Nifty index options contracts having April 2014 as expiry. However, they took positions in respective Nifty index options contracts in earlier months of the expiry month and they squared off the said positions within just one or two trading days. For example, they took positions in put and call options of different strike rates of Nifty index options for expiry date of 24.04.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 11 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 11.

40.13.8. **As regards Noticee 11, it was also alleged that Noticee 11 had created misleading appearance of trading in illiquid NIFTY option contracts through indulging in self trades. In this regard, the details and analysis of self-trades are as under:**

**Self trades of Noticee 11:**

Trade date	Buy client name	Sell client name	Order time	Order time	Trade time	Trade price	Order price	Order price	Trade qty	Order qty	Order qty	Strike price	Option	Expiry date	Trade difference buy/sell/ord
21/03/2014	PANKAJ D. SHAH	PANKAJ D. SHAH	11:19:08	11:19:11	11:19:11	1390.15	1390.15	1390.15	8250	8350	8250	5150	CE	24/04/2014	00:00:03
25/03/2014	PANKAJ D. SHAH	PANKAJ D. SHAH	10:18:01	10:18:03	10:18:03	1168.55	1168.55	1168.55	2400	2400	2400	5450	CE	24/04/2014	00:00:02
24/03/2014	PANKAJ D. SHAH	PANKAJ D. SHAH	13:37:28	13:37:30	13:37:30	665.15	665.15	665.15	9050	9150	9050	7350	PE	24/04/2014	00:00:02

- 40.13.9. I note from the above table that Noticee 11 entered into 3 self-trades during 21.03.2014 to 25.03.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 11 in all of aforesaid 3 self-trades was in the range of 2 to 3 seconds.
- 40.13.10. I note from the above table that in each of the above trades, Noticee 11 had placed simultaneous buy and sell orders in contracts of Nifty index options at the same price repetitively during 21.03.2014 to 25.03.2014 which resulted into self-trades, thereby generated artificial volume in the respective Nifty options contracts. To briefly elaborate, on 25.03.2014, Noticee 11 placed a limit buy order at 10:18:01 AM for quantity 2400 in NIFTY-5450-CE (expiry date – 24/04/2014) at price Rs.1168.55; and within two seconds i.e. at 10:18:03 AM, Noticee 11 placed a limit sell order for the same quantity at exactly the same price in the same contract resulting in the orders getting executed at 10:18:03 AM for quantity 2400 at price Rs.1168.55.
- 40.13.11. Likewise was the pattern of Noticee 11 for the trades on other trading days as mentioned in the table above. I note from material available on record that Noticee 11 had entered into self-trades for 19700 quantity being Rs. 20292865 in value.
- 40.13.12. Logically speaking there is no reason why any genuine person would concurrently be a buyer and seller to himself in the same options contract on the same day within few seconds at the same price, as was observed in the instant case. Such pattern by the Noticee 11 involving precise orders placement on both buy side as well as sell side considering proximity of time, quantity and price the orders as brought out above, evidently points to abnormal trading behavior by Noticee 11 with a view to execute self-trades thereby creating misleading appearance of trading. In this regard, reliance is also placed on Hon'ble SAT's order dated 23.04.2012 in the matter of systematix shares & stocks (India) Limited wherein Hon'ble SAT inter alia held that '*...It has been held in several cases*

by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature...'. Further, reliance is also placed on Hon'ble SAT order dated June 21, 2018 in Shri Lakhi Prasad Kheradi v. SEBI wherein Hon'ble SAT had inter alia held that '...Very fact that the appellant had indulged in self trades...without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades...'.

40.13.13. This apart, from the analysis of the square off trades between Noticee 11 and Noticee 30, as pairs and self-trades of Noticee 11 and Noticee 30, a unique trading pattern has been observed. It is observed that pursuant to the synchronized trades and thereafter the square off trades, either of the Noticees or both Noticee 11 and Noticee 30, as pairs have carried out self-trades for exact same quantity as that of the square off trades of within a few days after the square off trades. To illustrate as examples, certain instances with respect of each of the Noticee 11 and Noticee 30, as pairs, are given as under:

Trd_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif_bu_sell_ord
13/03/2014	PANKAJ D. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:30:14	13:30:18	13:30:18	1411.05	1411.05	1411.05	8250	8500	8250	5150	CE	24/04/2014	NIFTY	00:00:04
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	PANKAJ D. SHAH	12:03:43	12:03:41	12:03:43	1514.1	1514.1	1514.1	8250	8250	8300	5150	CE	24/04/2014	NIFTY	00:00:02
21/03/2014	PANKAJ D. SHAH	PANKAJ D. SHAH	11:19:08	11:19:11	11:19:11	1390.15	1390.15	1390.15	8250	8350	8250	5150	CE	24/04/2014	NIFTY	00:00:03

40.13.14. I note from the above trade details that on 13/03/2014 in NIFTY-5150-CE (expiry date - 24/04/2014), Noticee 11 (Buyer) and Noticee 30 (Seller) carried out a trade for quantity 8250 at price of Rs. 1411.05. This trade for quantity 8250 was squared off between Noticee 11 (Seller) and Noticee 30 (Buyer) on 18/03/2014, Noticee 11 (Seller) and Noticee 30 (Buyer) carried out a trade for quantity 8250 at price of Rs. 1514.1.

40.13.15. Thereafter, I note that Noticee 11 carried out a self-trade for same quantity within a day viz., on 21/03/2014, Noticee 11 placed a limit buy order at 11:19:08 for quantity of 8350 in NIFTY-5150-CE (expiry date -

24/04/2014), at price of Rs.1390.15; and within three seconds i.e. at 11:19:11, Noticee 11 synchronized its trades and placed a limit sell order for the same quantity as that of square off trades i.e. 8250 at exactly the same price as that of the buy order i.e. Rs. 1390.15. The orders got executed at 11:19:11 for the quantity of 8250 at the price of Rs.1390.15.

40.13.16. I am of the view that it cannot be a mere coincidence that the Noticee 11, after carrying out synchronised trades and squaring off the same within a few days, had also carried out self-trades of the same quantity within a few days in the same options contract. Similar pattern was observed on other days as well.

40.13.17. In view thereof, considering that Noticee 11 and 30 had entered into 8 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 11 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades. Further, by entering into 3 self-trades, Noticee 11 created misleading appearance of trading in illiquid NIFTY option contracts.

#### 40.14. Trades between Noticee 26 and Noticee 30:

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
11/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	13:45:59	13:45:42	13:45:59	1128.5	1129	1128.5	100	9150	100	7350	CE	24/12/2014	NIFTY	00:00:17
11/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	13:45:59	13:45:17	13:45:59	1129	1129	1129	9050	9150	9250	7350	CE	24/12/2014	NIFTY	00:00:42
12/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	11:30:46	11:30:57	11:30:57	1079.5	1079.5	1079.15	1000	1000	9150	7350	CE	24/12/2014	NIFTY	00:00:11
12/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	11:30:34	11:30:57	11:30:57	1079.15	1079.15	1079.15	8150	8500	9150	7350	CE	24/12/2014	NIFTY	00:00:23
05/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:29:58	13:30:23	13:30:23	570.15	570.15	570.15	7325	7500	7350	9050	PE	24/12/2014	NIFTY	00:00:25

Trade date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
05/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:30:11	13:30:23	13:30:23	570.45	570.45	570.15	25	25	7350	9050	PE	24/12/2014	NIFTY	00:00:12
07/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	11:36:56	11:36:40	11:36:56	700	700.85	700	50	7350	50	9050	PE	24/12/2014	NIFTY	00:00:16
07/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	11:36:56	11:36:28	11:36:56	700.65	700.65	700.65	7300	7350	7500	9050	PE	24/12/2014	NIFTY	00:00:28
10/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	10:52:02	10:52:29	10:52:29	865.15	865.15	865.15	9300	9400	9350	9350	PE	24/12/2014	NIFTY	00:00:27
10/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	10:52:16	10:52:29	10:52:29	866	866	865.15	50	50	9350	9350	PE	24/12/2014	NIFTY	00:00:13
11/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	11:07:41	11:07:17	11:07:41	958	958	958	9250	9350	9400	9350	PE	24/12/2014	NIFTY	00:00:24
11/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	11:07:41	11:07:30	11:07:41	957.5	958	957.5	100	9350	100	9350	PE	24/12/2014	NIFTY	00:00:11
12/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:38:09	13:38:45	13:38:45	1111.5	1111.5	1111.5	8550	8600	8600	9650	PE	24/12/2014	NIFTY	00:00:36
12/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:38:30	13:38:45	13:38:45	1112	1112	1111.5	50	50	8600	9650	PE	24/12/2014	NIFTY	00:00:15
13/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	14:48:42	14:47:38	14:48:42	1297.75	1297.75	1297.75	3100	3100	3100	9650	PE	24/12/2014	NIFTY	00:01:04
14/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	11:50:10	11:40:30	11:50:10	1278.5	1279	1278.5	250	5500	250	9650	PE	24/12/2014	NIFTY	00:09:40
14/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	11:50:10	11:39:50	11:50:10	1279	1279	1279	5250	5500	5500	9650	PE	24/12/2014	NIFTY	00:10:20
18/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	10:54:35	10:55:24	10:55:24	1275.25	1275.25	1275.25	8150	8150	9150	9850	PE	24/12/2014	NIFTY	00:00:49
18/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	10:54:54	10:55:24	10:55:24	1276	1276	1275.25	1000	1000	9150	9850	PE	24/12/2014	NIFTY	00:00:30
20/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	10:48:31	10:48:16	10:48:31	1434	1435.25	1434	100	9150	100	9850	PE	24/12/2014	NIFTY	00:00:15
20/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	10:48:31	10:48:05	10:48:31	1435.25	1435.25	1435.25	9050	9150	9200	9850	PE	24/12/2014	NIFTY	00:00:26
13/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	15:03:51	15:03:43	15:03:51	1599	1600	1599	50	7200	50	6950	CE	29/01/2015	NIFTY	00:00:08
13/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	15:03:51	15:03:29	15:03:51	1600	1600	1600	7150	7200	7200	6950	CE	29/01/2015	NIFTY	00:00:22
14/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:27:23	13:28:49	13:28:49	1480	1480	1480	7000	7200	7200	6950	CE	29/01/2015	NIFTY	00:01:26
14/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:28:20	13:28:49	13:28:49	1480.5	1480.5	1480	200	200	7200	6950	CE	29/01/2015	NIFTY	00:00:29
13/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	14:40:34	14:41:01	14:41:01	1140.35	1140.35	1140.35	9050	9250	9250	7250	CE	29/01/2015	NIFTY	00:00:27
13/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	14:40:46	14:41:01	14:41:01	1141	1141	1140.35	200	200	9250	7250	CE	29/01/2015	NIFTY	00:00:15
17/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	10:35:31	10:35:12	10:35:31	1315.5	1316	1315.5	50	9250	50	7250	CE	29/01/2015	NIFTY	00:00:19
17/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	10:35:31	10:34:55	10:35:31	1316	1316	1316	9200	9250	9250	7250	CE	29/01/2015	NIFTY	00:00:36
03/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	12:39:51	12:38:48	12:39:51	1190	1190	1190	8300	8350	8500	7350	CE	29/01/2015	NIFTY	00:01:03
03/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	12:39:51	12:39:04	12:39:51	1189.5	1190	1189.5	50	8350	50	7350	CE	29/01/2015	NIFTY	00:00:47
05/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	11:38:14	11:38:57	11:38:57	1085.75	1085.75	1085.75	8150	8350	8350	7350	CE	29/01/2015	NIFTY	00:00:43
05/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	11:38:24	11:38:57	11:38:57	1086	1086	1085.75	200	200	8350	7350	CE	29/01/2015	NIFTY	00:00:33
03/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:39:38	13:40:37	13:40:37	844	844	843.2	50	50	9150	7550	CE	29/01/2015	NIFTY	00:00:59
03/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:39:24	13:40:37	13:40:37	843.2	843.2	843.2	9100	9250	9150	7550	CE	29/01/2015	NIFTY	00:01:13
05/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	12:28:21	12:28:05	12:28:21	994.5	995	994.5	25	9150	25	7550	CE	29/01/2015	NIFTY	00:00:16
05/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	12:28:21	12:27:50	12:28:21	995	995	995	9125	9150	9200	7550	CE	29/01/2015	NIFTY	00:00:31
11/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	14:44:47	14:45:19	14:45:19	765.25	765.25	765.25	9300	9500	9500	7650	CE	29/01/2015	NIFTY	00:00:32
11/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	14:45:04	14:45:19	14:45:19	765.5	765.5	765.25	200	200	9500	7650	CE	29/01/2015	NIFTY	00:00:15
12/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	10:47:23	10:46:59	10:47:23	935.85	935.85	935.85	9450	9500	9600	7650	CE	29/01/2015	NIFTY	00:00:24
12/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	10:47:23	10:47:09	10:47:23	935.5	935.85	935.5	50	9500	50	7650	CE	29/01/2015	NIFTY	00:00:14
05/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	13:54:17	13:53:48	13:54:17	931.75	931.75	931.75	9150	9200	9250	9350	PE	29/01/2015	NIFTY	00:00:29
05/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	13:54:17	13:53:58	13:54:17	931	931.75	931	50	9200	50	9350	PE	29/01/2015	NIFTY	00:00:19
07/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:39:52	13:40:06	13:40:06	803.5	803.5	803	50	50	9200	9350	PE	29/01/2015	NIFTY	00:00:14
07/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	13:39:40	13:40:06	13:40:06	803	803	803	9150	9250	9200	9350	PE	29/01/2015	NIFTY	00:00:26
10/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	12:54:39	12:54:21	12:54:39	1061	1061.35	1061	50	9050	50	9450	PE	29/01/2015	NIFTY	00:00:18

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
10/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	12:54:39	12:54:11	12:54:39	1061.35	1061.35	1061.35	9000	9050	9200	9450	PE	29/01/2015	NIFTY	00:00:28
11/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	11:52:14	11:52:46	11:52:46	915.75	915.75	915.75	9000	9150	9050	9450	PE	29/01/2015	NIFTY	00:00:32
11/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	11:52:31	11:52:46	11:52:46	915.8	915.8	915.75	50	50	9050	9450	PE	29/01/2015	NIFTY	00:00:15
12/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	14:12:41	14:12:13	14:12:41	1104.15	1104.15	1104.15	8650	8700	8700	9550	PE	29/01/2015	NIFTY	00:00:28
12/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	14:12:41	14:12:25	14:12:41	1104	1104.15	1104	50	8700	50	9550	PE	29/01/2015	NIFTY	00:00:16
14/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	10:26:10	10:26:35	10:26:35	967.05	967.05	967	250	250	8700	9550	PE	29/01/2015	NIFTY	00:00:25
14/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	10:25:53	10:26:35	10:26:35	967	967	967	8450	8750	8700	9550	PE	29/01/2015	NIFTY	00:00:42
18/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	14:19:04	14:17:42	14:19:04	1162.45	1162.45	1162.45	9200	9250	9350	9650	PE	29/01/2015	NIFTY	00:01:22
18/11/2014	NIRSHILP SECURITIES PVT. LTD.	NIKITA N SHAH	14:19:04	14:18:47	14:19:04	1162	1162.45	1162	50	9250	50	9650	PE	29/01/2015	NIFTY	00:00:17
21/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	9:58:18	9:59:21	9:59:21	1005	1005	1005	9050	9100	9250	9650	PE	29/01/2015	NIFTY	00:01:03
21/11/2014	NIKITA N SHAH	NIRSHILP SECURITIES PVT. LTD.	9:59:06	9:59:21	9:59:21	1006	1006	1005	200	200	9250	9650	PE	29/01/2015	NIFTY	00:00:15

40.14.1. I note from the material available on record as also evident from the details in table above that Noticee 26 and Noticee 30 entered into 57 trades between themselves during 03.11.2014 to 21.11.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I note that 100% of the trades of Noticee 26 matched with Noticee 30. I also note that the time difference between buy and sell orders of Noticee 26 and Noticee 30 in 49 such trades was in the range of 8 to 59 seconds.

40.14.2. To illustrate the pattern adopted by Noticee 30 and Noticee 26, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 26, as pairs, as observed from analysis of trade log, as example, is given below:

40.14.3. On 11.11.2014 (first leg), Noticee 26 placed two sell orders at 13:45:42 and 13:45:17 for quantity 100 and 9250 in NIFTY-7350-CE (expiry date - 24/12/2014) at price Rs.1128.5 and Rs.1129 respectively; exactly within seventeen seconds of second sell order of Noticee 26 i.e. at 13:45:59, Noticee 30 placed a buy order for quantity 9150 at the exact same price as that of Noticee 26 viz., Rs.1129 resulting in the orders getting executed at 13:45:59 for quantity 9150 at price Rs.1128.5 and 1129 respectively. Noticee 26 and Noticee 30 squared off this trade on 12.11.2014 (second leg). On 12.11.2014, Noticee 26 placed two buy orders at 11:30:34 and 11:30:46 for quantity 8500 and 1000 at price Rs.1079.15 and Rs.1079.5;



after eleven seconds buy order i.e. at 11:30:57, Noticee 30 placed sell order for quantity 9150 at the exact same price as that of Noticee 26 viz., Rs.1079.15 resulting in the orders getting executed at 11:30:57 for quantity 9150. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 11.11.2014 and second leg on 12.11.2014 were placed within seventeen and eleven seconds respectively. Further as evident from above, the first leg of trade in NIFTY-7350-CE (expiry date - 24/12/2014) between Noticee 26 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading days viz., on 12.11.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 26 of Rs.9, 04,477/- respectively.

- 40.14.4. I note from the above table that Noticee 26 and Noticee 30 traded in similar manner repetitively during 03.11.2014 to 21.11.2014.
- 40.14.5. I also note from the analysis of trade data as also evident from table above that out of total 57 trades between the said pair of Noticee 26 and Noticee 30 during the IP, in all trades, it was Noticee 26 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity.
- 40.14.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 26 came as buyer or seller in first leg, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 26 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 26 booking profit, in all the 57 instances of trading between the two during the IP. Total profit/ loss across all 57 trades being Rs. 16764410/-.
- 40.14.7. I also note from the table above that Noticee 26 and Noticee 30 had traded between themselves in Nifty index options contracts with the expiries of December 2014 to January 2015. However, they took positions in respective Nifty index options contracts in the month of November 2014 and they squared off the said positions within one or two

trading days in the same month. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 26 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 26.

40.14.8. In view thereof, considering that Noticee 26 and 30 had entered into 57 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 26 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

**41. Trades between Group 2 Noticees viz., Noticee 12 to 18 and Noticee 30:**

41.1. In this regard, I note from material available on record, that Group 2 Noticees viz., Noticee 12 to 18 were connected to each other. The basis of connection among Noticees of Group 2, as noted from material available on record, are as under:

Sr. No.	Name of the Noticee	Basis of connection
1	CHINTAN P. SHAH HUF (Noticee 12)	<b>Common email ch****n@ja*****la.com with Sr no 3 and 7.</b>  Common mobile no 97*****22 with Sr. no. 6, 3 and 7  Common mobile no 98*****16 with Sr. no. 2,3,4,5 and 7
2	KAMAL P. SHAH HUF (Noticee 13)	Common email k****l@ja*****la.com with Sr. no 4 and 7.  Common mobile no 98*****16 with Sr. no 1,3,4,5 and 7
3	HETAL C. SHAH (Noticee 14)	Common email ch****n@ja*****la.com with sr no 3 and 7.  Common mobile no 79*****35 with Neha Shah (Sr. no. 4) and Rasilaben Shah (Sr. no. 7)  Common mobile no 98*****16 with sr. no 1, 2, 4, 5 and 7  Common mobile no 97*****22 with Sr. no. Chintan Shah HUF (Sr. No. 1), Hemang sheth (Sr. no. 6) and Rasilaben Shah (Sr.no. 7)
4	PRANLAL B. SHAH HUF (Noticee 15)	Common email k****l@ja*****la.com with Sr. no. 2 and 7.  Common mobile no 98*****16 with Sr. no. 2, 3, 1, 5 and 7
5	NEHA K. SHAH (Noticee 16)	Common mobile no 79*****35 with Hetal Shah (Sr. no. 3) and Rasilaben Shah (Sr. no. 7)  Common mobile no 98*****16 with Sr. no. 2,3,4,1 and 7
6	HEMANG D. SHETH (Noticee 17)	Common mobile no 97*****22 with Sr. no. Chintan Shah HUF (sr. no. 1), Hetal Shah (Sr. no. 3) and Rasilaben Shah (Sr. no. 7)
7	RASILABEN P. SHAH (Noticee 18)	Common email ch****n@ja*****la.com with Sr. no. 1 and 3.  Common email k****l@ja*****la.com with Sr. no. 2 and 4.  Common mobile no 79*****35 with Hetal Shah (Sr. no. 3) and Neha Shah (Sr. no. 4)  Common mobile no 98*****16 with Sr. no. 2, 3, 4, 5 and 1  Common mobile no 97*****22 with Sr. no. Chintan Shah HUF (Sr. no. 1), Hetal Shah (Sr. no. 3) and Hemang Sheth (Sr. no. 6)

41.2. The trading details and analysis of trades of Noticee 12 to 18 with Noticee 30, are being dealt as under:

**41.3. Trades between Noticee 12 and Noticee 30:**

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_buy_sell_ord
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	15:08:54	15:08:28	15:08:54	1351.85	1351.85	1351.85	2500	5000	2500	6650	CE	27/11/2014	NIFTY	00:00:26

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
21/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	14:00:12	14:00:53	14:00:53	1284.35	1284.35	1284.35	2500	2500	5000	6650	CE	27/11/2014	NIFTY	00:00:41
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	11:40:22	11:40:15	11:40:22	1217.05	1217.05	1217.05	2200	4400	2350	6750	CE	27/11/2014	NIFTY	00:00:07
17/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	11:11:24	11:11:48	11:11:48	1011.85	1011.85	1011.85	2200	2400	4400	6750	CE	27/11/2014	NIFTY	00:00:24
20/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	15:03:28	15:03:46	15:03:46	952.35	952.35	952.35	2500	2500	5000	8950	PE	27/11/2014	NIFTY	00:00:18
21/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	14:02:27	14:02:01	14:02:27	1014.55	1014.55	1014.55	2500	5000	2500	8950	PE	27/11/2014	NIFTY	00:00:26
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	13:15:44	13:14:26	13:15:44	1522.6	1522.6	1522.6	1750	5250	1750	6650	CE	24/12/2014	NIFTY	00:01:18
29/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	10:50:26	10:51:42	10:51:42	1455.75	1455.75	1455.75	1750	1750	5250	6650	CE	24/12/2014	NIFTY	00:01:16
16/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	11:36:38	11:36:44	11:36:44	1067.45	1067.45	1067.45	2500	2700	5000	6850	CE	24/12/2014	NIFTY	00:00:06
17/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	11:27:58	11:27:32	11:27:58	1080.7	1080.7	1080.7	2500	5000	2500	6850	CE	24/12/2014	NIFTY	00:00:26
28/10/2014	CHINTAN P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	12:44:38	12:47:54	12:47:54	1209.25	1209.25	1209.25	1750	1750	5250	6850	CE	24/12/2014	NIFTY	00:03:16
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	CHINTAN P. SHAH HUF	11:03:27	11:02:24	11:03:27	1320.35	1320.35	1320.35	1750	5250	1750	6850	CE	24/12/2014	NIFTY	00:01:03

41.3.1. I note from the above table that Noticee 12 and Noticee 30 entered into 12 trades during 16.10.2014 to 29.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc. From the analysis of said trades between the said pair of Noticee 12 and Noticee 30, I note that the time difference between buy and sell orders of Noticee 12 and Noticee 30, in 08 trades was less than one minute being in the range of 6 to 41 seconds.

41.3.2. To illustrate the pattern adopted by Noticee 12 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 12 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

41.3.3. On 20.10.2014 (first leg), Noticee 12 placed a sell order at 15:08:28 for quantity 2500 in NIFTY-6650-CE (expiry date – 27/11/2014) at price Rs.1351.85; exactly within twenty-six seconds i.e. at 15:08:54, Noticee 30 placed a buy order for quantity 5000 at the exact same price as that of Noticee 12 viz., Rs.1351.85 resulting in the orders getting executed at 15:08:54 for quantity 2500 at price Rs.1351.85. Noticee 12 and Noticee 30 squared off this trade on 21.10.2014 (second leg). On 21.10.2014, Noticee 12 placed buy order at 14:00:12 for quantity 2500 at price Rs.1284.35; after forty- one seconds i.e. at 14:00:53, Noticee 30 placed sell order for quantity 5000 at the exact same price as that of Noticee 12 viz., Rs.1284.35 resulting in the orders getting executed at 14:00:53 for

quantity 2500 at price Rs.1284.35. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 20.10.2014 and second leg on 21.10.2014 were placed within twenty-six and forty-one seconds respectively. Further as evident from above, the first leg of trade in NIFTY-6650-CE (expiry date - 27/11/2014) between Noticee 12 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading days viz., on 21.10.2014 by trading in similar synchronized manner and booking of loss and profit by Noticee 30 and Noticee 12 of Rs.1, 68,750/- respectively.

41.3.4. I note from the above table that Noticee 12 and Noticee 30 traded in similar manner repetitively all throughout the period 16.10.2014 to 29.10.2014.

41.3.5. I also note from the analysis of trade data as also evident from table above that out of total 12 trades between the said pair of Noticee 12 and Noticee 30 during the IP, in all trades involving squared off trades, it was Noticee 12 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity.

41.3.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 12 came as buyer or seller in first leg of impugned trades involving square off between Noticee 12 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 12 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 12 booking profit, in all the 12 instances of trading between the two during the IP. Total profit/ loss across all 12 trades being Rs. 1120228 /-.

41.3.7. I also note from the table above that Noticee 12 and Noticee 30 had traded between themselves across the expiries from November 2014 to December 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within just one or two trading days. For example, in the months of October 2014,

they took positions in put and call options of different strike rates of Nifty index options for expiry date of 27.11.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 12 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 12.

41.3.8. In view thereof, considering that Noticee 12 and 30 had entered into 12 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 12 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### 41.4. Trades between Noticee 13 and Noticee 30:

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	15:08:54	15:08:35	15:08:54	1351.85	1351.85	1351.85	2500	5000	2700	6650	CE	27/11/2014	NIFTY	00:00:19
21/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	14:00:20	14:00:53	14:00:53	1284.35	1284.35	1284.35	2500	2700	5000	6650	CE	27/11/2014	NIFTY	00:00:33
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	11:40:22	11:40:05	11:40:22	1217.05	1217.05	1217.05	2200	4400	2200	6750	CE	27/11/2014	NIFTY	00:00:17
17/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	11:11:15	11:11:48	11:11:48	1011.85	1011.85	1011.85	2200	2200	4400	6750	CE	27/11/2014	NIFTY	00:00:33
20/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	15:03:37	15:03:46	15:03:46	952.35	952.35	952.35	2500	2700	5000	8950	PE	27/11/2014	NIFTY	00:00:09

Trade date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry date	Symbol	Trd_diff_buy_sell_order
21/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	14:02:27	14:02:13	14:02:27	1014.55	1014.55	1014.55	2500	5000	2800	8950	PE	27/11/2014	NIFTY	00:00:14
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	13:15:44	13:14:54	13:15:44	1522.6	1522.6	1522.6	1750	5250	1750	6650	CE	24/12/2014	NIFTY	00:00:50
29/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	10:50:41	10:51:42	10:51:42	1455.75	1455.75	1455.75	1750	1750	5250	6650	CE	24/12/2014	NIFTY	00:01:01
16/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	11:36:22	11:36:44	11:36:44	1067.45	1067.45	1067.45	2500	2500	5000	6850	CE	24/12/2014	NIFTY	00:00:22
17/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	11:27:58	11:27:47	11:27:58	1080.7	1080.7	1080.7	2500	5000	2650	6850	CE	24/12/2014	NIFTY	00:00:11
28/10/2014	KAMAL P. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	12:45:13	12:47:54	12:47:54	1209.25	1209.25	1209.25	1750	1750	5250	6850	CE	24/12/2014	NIFTY	00:02:41
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	KAMAL P. SHAH HUF	11:03:27	11:02:49	11:03:27	1320.35	1320.35	1320.35	1750	5250	1750	6850	CE	24/12/2014	NIFTY	00:00:38

41.4.1. I note from the above table that Noticee 13 and Noticee 30 entered into 12 trades between themselves during 16.10.2014 to 29.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 13 and Noticee 30 in such 10 trades was in the range of 9 to 50 seconds.

41.4.2. To illustrate the pattern adopted by Noticee 13 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 13 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

41.4.3. On 16.10.2014 (first leg), Noticee 13 placed a sell order at 11:40:05 for quantity 2200 in NIFTY-6750-CE (expiry date - 27/11/2014) at price Rs.1217.05; exactly within seventeen seconds i.e. at 11:40:22, Noticee 30 placed a buy order for quantity 4400 at the exact same price as that of Noticee 13 viz., Rs.1217.05 resulting in the orders getting executed at 11:40:22 for quantity 2200 at price Rs.1217.05. Noticee 13 and Noticee 30 squared off this trade on 17.10.2014 (second leg). On 17.10.2014, Noticee 13 placed buy order at 11:11:15 for quantity 2200 at price Rs.1011.85; after thirty-three seconds i.e. at 11:11:48, Noticee 30 placed sell order for quantity 4400 at the exact same price as that of Noticee 13 viz., Rs.1011.85 resulting in the orders getting executed at 11:11:48 for quantity 2200 at price Rs.1011.85. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 16.10.2014 and second leg on 17.10.2014 were placed within seventeen and thirty-three seconds respectively. Further as evident from

above, the first leg of trade in NIFTY-6750-CE (expiry date – 27/11/2014) between Noticee 13 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading days viz., on 17.10.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 13 of Rs.4, 51,440/- respectively.

- 41.4.4. I note from the above table that Noticee 13 and Noticee 30 traded in similar manner repetitively during 16.10.2014 to 29.10.2014.
- 41.4.5. I also note from the analysis of trade data as also evident from table above that out of total 12 trades between the said pair of Noticee 13 and Noticee 30 during the IP, it was Noticee 13 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity.
- 41.4.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 13 came as buyer or seller in first leg of impugned trades involving square off between Noticee 13 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 13 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 13 booking profit, in all the 12 instances of trading between the two during the IP. Total profit/ loss across all 12 trades being Rs. 1120228/-.
- 41.4.7. I also note from the table above that Noticee 13 and Noticee 30 had traded between themselves across the expiries from November 2014 to December 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within just one or two trading days. For example, in the months of October 2014, they took positions in put and call options of different strike rates of Nifty index options for expiry date of 27.11.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the



trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 13 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 13.

41.4.8. In view thereof, considering that Noticee 13 and 30 had entered into 12 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 13 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### 41.5. Trades between Noticee 14 and Noticee 30:

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	13:23:59	13:23:31	13:23:59	1095.45	1095.45	1095.45	1250	6000	1250	8950	PE	27/11/2014	NIFTY	00:00:28
17/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:18:49	11:19:11	11:19:11	1055.15	1055.15	1055.15	1250	1250	6000	8950	PE	27/11/2014	NIFTY	00:00:22
13/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	13:56:29	13:55:58	13:56:29	1152.65	1152.65	1152.65	2500	5000	2500	9050	PE	27/11/2014	NIFTY	00:00:31
14/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:28:56	14:29:12	14:29:12	1053.75	1053.75	1053.75	2500	2650	5000	9050	PE	27/11/2014	NIFTY	00:00:16
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	13:15:44	13:14:34	13:15:44	1522.6	1522.6	1522.6	750	5250	750	6650	CE	24/12/2014	NIFTY	00:01:10
29/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:50:34	10:51:42	10:51:42	1455.75	1455.75	1455.75	750	750	5250	6650	CE	24/12/2014	NIFTY	00:01:08
28/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:45:01	12:47:54	12:47:54	1209.25	1209.25	1209.25	750	750	5250	6850	CE	24/12/2014	NIFTY	00:02:53
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	11:03:27	11:02:40	11:03:27	1320.35	1320.35	1320.35	750	5250	750	6850	CE	24/12/2014	NIFTY	00:00:47
16/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:26:01	13:26:18	13:26:18	731.75	731.75	731.75	1250	1250	6000	8750	PE	24/12/2014	NIFTY	00:00:17
17/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	10:33:58	10:33:28	10:33:58	912.35	912.35	912.35	1250	6000	1250	8750	PE	24/12/2014	NIFTY	00:00:30
13/10/2014	HETAL C. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:01:51	14:02:08	14:02:08	803.85	803.85	803.85	3500	3500	7000	8850	PE	24/12/2014	NIFTY	00:00:17
14/10/2014	NIRSHILP SECURITIES PVT. LTD.	HETAL C. SHAH	11:32:18	11:32:10	11:32:18	928.1	928.1	928.1	3500	7000	3700	8850	PE	24/12/2014	NIFTY	00:00:08

- 41.5.1. I note from the above table that Noticee 14 and Noticee 30 entered into 12 trades between themselves during 13.10.2014 to 29.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 14 and Noticee 30 in such 9 trades was in the range of 8 to 47 seconds.
- 41.5.2. To illustrate the pattern adopted by Noticee 30 and Noticee 14, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 14, as pairs, as observed from analysis of trade log, as example, is given below:
- 41.5.3. On 16.10.2014, Noticee 14 placed a buy order at 13:26:01 for quantity 1250 in NIFTY-8750-PE (expiry date – 24/12/2014) at price Rs.731.75; exactly after seventeen seconds i.e. at 13:26:18, Noticee 30 placed a sell order for quantity 6000 at the exact same price as that of Noticee 14 viz., Rs.731.75 resulting in the orders getting executed at 13:26:18 for quantity 1250 at price Rs.731.75. Noticee 14 and Noticee 30 squared off this trade on 17.10.2014. On 17.10.2014, Noticee 14 placed a sell order at 10:33:28 for quantity 1250 at price Rs.912.35; after thirty seconds i.e. at 10:33:58, Noticee 30 placed a buy order for quantity 6000 at the exact same price as that of Noticee 14 viz., Rs.912.35 resulting in the orders getting executed at 10:33:58 for quantity 1250 at price Rs.912.35.
- 41.5.4. I note from the above table that Noticee 14 and Noticee 30 traded in similar manner repetitively during 13.10.2014 to 29.10.2014.
- 41.5.5. I also note from the analysis of trade data as also evident from table above that out of total 12 trades between the said pair of Noticee 14 and Noticee 30 during the IP, in all trades, it was Noticee 14 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity.
- 41.5.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 14 came as buyer or seller in first leg of impugned trades involving square off between Noticee 1 and Noticee 30, the trades had

been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 14 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 14 booking profit, in all the 12 instances of trading between the two during the IP. Total profit / loss across all 12 trades being Rs. 1091713/-.

41.5.7. I also note from the table above that Noticee 14 and Noticee 30 had traded between themselves across the expiries from November 2014 to December 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within just one or two trading days. For example, in the months of October 2014, they took positions in put and call options of different strike rates of Nifty index options for expiry date of 27.11.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 14 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 14.

41.5.8. In view thereof, considering that Noticee 14 and 30 had entered into 12 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute save for 3 instances; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 14 who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different

expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### 41.6. Trades between Noticee 15 and Noticee 30:

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	13:23:59	13:23:44	13:23:59	1095.45	1095.45	1095.45	1250	6000	1400	8950	PE	27/11/2014	NIFTY	00:00:15
17/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	11:18:59	11:19:11	11:19:11	1055.15	1055.15	1055.15	1250	1500	6000	8950	PE	27/11/2014	NIFTY	00:00:12
13/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	13:56:29	13:56:12	13:56:29	1152.65	1152.65	1152.65	2500	5000	2650	9050	PE	27/11/2014	NIFTY	00:00:17
14/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	14:28:39	14:29:12	14:29:12	1053.75	1053.75	1053.75	2500	2500	5000	9050	PE	27/11/2014	NIFTY	00:00:33
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	13:15:44	13:15:19	13:15:44	1522.6	1522.6	1522.6	700	5250	850	6650	CE	24/12/2014	NIFTY	00:00:25
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	13:15:44	13:15:29	13:15:44	1522	1522.6	1522	50	5250	50	6650	CE	24/12/2014	NIFTY	00:00:15
29/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	10:51:32	10:51:42	10:51:42	1456	1456	1455.75	50	50	5250	6650	CE	24/12/2014	NIFTY	00:00:10
29/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	10:51:23	10:51:42	10:51:42	1455.75	1455.75	1455.75	700	850	5250	6650	CE	24/12/2014	NIFTY	00:00:19
28/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	12:47:24	12:47:54	12:47:54	1210	1210	1209.25	50	50	5250	6850	CE	24/12/2014	NIFTY	00:00:30
28/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	12:46:15	12:47:54	12:47:54	1209.25	1209.25	1209.25	700	850	5250	6850	CE	24/12/2014	NIFTY	00:01:39
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	11:03:27	11:03:10	11:03:27	1320.35	1320.35	1320.35	700	5250	850	6850	CE	24/12/2014	NIFTY	00:00:17
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	11:03:27	11:03:18	11:03:27	1320	1320.35	1320	50	5250	50	6850	CE	24/12/2014	NIFTY	00:00:09
16/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	13:26:08	13:26:18	13:26:18	731.75	731.75	731.75	1250	1450	6000	8750	PE	24/12/2014	NIFTY	00:00:10
17/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	10:33:58	10:33:38	10:33:58	912.35	912.35	912.35	1250	6000	1450	8750	PE	24/12/2014	NIFTY	00:00:20
13/10/2014	PRANLAL B. SHAH HUF	NIRSHILP SECURITIES PVT. LTD.	14:02:01	14:02:08	14:02:08	803.85	803.85	803.85	3500	3700	7000	8850	PE	24/12/2014	NIFTY	00:00:07
14/10/2014	NIRSHILP SECURITIES PVT. LTD.	PRANLAL B. SHAH HUF	11:32:18	11:32:01	11:32:18	928.1	928.1	928.1	3500	7000	3500	8850	PE	24/12/2014	NIFTY	00:00:17

41.6.1. I note from the above table that Noticee 15 and Noticee 30 entered into 16 trades between themselves during 13.10.2014 to 29.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 15 and Noticee 30 in such 15 out of the 16 trades was in the range of 7 to 33 seconds.

41.6.2. To illustrate the pattern adopted by Noticee 30 and Noticee 15, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 15, as pairs, as observed from analysis of trade log, as example, is given below:

- 41.6.3. On 13.10.2014 (first leg), Noticee 15 placed a sell order at 13:56:12 for quantity 2650 in NIFTY-9050-PE (expiry date – 27/11/2014) at price Rs.1152.65; exactly within seventeen seconds i.e. at 13:56:29, Noticee 30 placed a buy order for quantity 5000 at the exact same price as that of Noticee 15 viz., Rs.1152.65 resulting in the orders getting executed at 13:56:29 for quantity 2500 at price Rs.1152.65. Noticee 15 and Noticee 30 squared off this trade on 14.10.2014 (second leg). On 14.10.2014, Noticee 15 placed buy order at 14:28:39 for quantity 2500 at price Rs.1053.75; after thirty-three seconds i.e. at 14:29:12, Noticee 30 placed a sell order for quantity 5000 at the exact same price as that of Noticee 15 viz., Rs.1053.75 resulting in the orders getting executed at 14:29:12 for quantity 2500 at price Rs.1053.75. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 13.10.2014 and second leg on 14.10.2014 were placed within three and four seconds respectively. Further as evident from above, the first leg of trade in NIFTY-9050-PE (expiry date – 27/11/2014) between Noticee 15 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading days viz., on 14.10.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 15 of Rs.2, 47,250/- respectively.
- 41.6.4. I note from the above table that Noticee 15 and Noticee 30 traded in similar manner repetitively during 13.10.2014 to 29.10.2014.
- 41.6.5. I also note from the analysis of trade data as also evident from table above that out of total 16 trades between the said pair of Noticee 15 and Noticee 30 during the IP, in all trades, it was Noticee 15 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity.
- 41.6.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 15 came as buyer or seller in first leg of impugned trades involving square off between Noticee 1 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and

sold low while Noticee 15 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 15 booking profit, in all the 16 instances of trading between the two during the IP. Total profit / loss across all 16 trades being Rs. 1091615/-.

41.6.7. I also note from the table above that Noticee 15 and Noticee 30 had traded between themselves across the expiries from November 2014 to December 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within just one or two trading days. For example, in the months of October 2014, they took positions in put and call options of different strike rates of Nifty index options for expiry date of 27.11.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 15 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 15.

41.6.8. In view thereof, considering that Noticee 15 and 30 had entered into 16 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute save for an instance; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 15 who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just

a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### 41.7. Trades between Noticee 16 and Noticee 30:

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
13/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	10:37:08	10:36:47	10:37:08	1078.45	1078.45	1078.45	1500	4650	1500	6850	CE	27/11/2014	NIFTY	00:00:21
14/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:28:33	11:28:52	11:28:52	1017.65	1017.65	1017.65	1500	1500	4650	6850	CE	27/11/2014	NIFTY	00:00:19
13/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:31:24	10:31:36	10:31:36	586.75	586.75	586.75	2500	2500	8350	7250	CE	27/11/2014	NIFTY	00:00:12
14/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	14:23:36	14:23:30	14:23:36	741.35	741.35	741.35	2350	8350	2500	7250	CE	27/11/2014	NIFTY	00:00:06
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	10:09:59	10:09:14	10:09:59	737.35	737.35	737.35	150	8600	150	7250	CE	27/11/2014	NIFTY	00:00:45
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	13:23:59	13:23:11	13:23:59	1095.45	1095.45	1095.45	2000	6000	2000	8950	PE	27/11/2014	NIFTY	00:00:48
17/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:18:28	11:19:11	11:19:11	1055.15	1055.15	1055.15	2000	2000	6000	8950	PE	27/11/2014	NIFTY	00:00:43
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	13:15:44	13:15:03	13:15:44	1522.6	1522.6	1522.6	250	5250	250	6650	CE	24/12/2014	NIFTY	00:00:41
29/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:51:05	10:51:42	10:51:42	1455.75	1455.75	1455.75	250	250	5250	6650	CE	24/12/2014	NIFTY	00:00:37
28/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	12:45:23	12:47:54	12:47:54	1209.25	1209.25	1209.25	250	250	5250	6850	CE	24/12/2014	NIFTY	00:02:31
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	11:03:27	11:02:58	11:03:27	1320.35	1320.35	1320.35	250	5250	250	6850	CE	24/12/2014	NIFTY	00:00:29
09/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:31:48	14:32:07	14:32:07	685.25	685.25	685.25	2500	2500	5000	7350	CE	24/12/2014	NIFTY	00:00:19
10/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	14:31:15	14:30:51	14:31:15	712.1	712.1	712.1	2500	5000	2700	7350	CE	24/12/2014	NIFTY	00:00:24
16/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:25:42	13:26:18	13:26:18	731.75	731.75	731.75	2000	2000	6000	8750	PE	24/12/2014	NIFTY	00:00:36
17/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	10:33:58	10:33:02	10:33:58	912.35	912.35	912.35	2000	6000	2000	8750	PE	24/12/2014	NIFTY	00:00:56
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA K. SHAH	14:37:47	14:37:25	14:37:47	912.25	912.25	912.25	2500	5000	2500	8950	PE	24/12/2014	NIFTY	00:00:22
10/10/2014	NEHA K. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:34:18	14:34:25	14:34:25	889.35	889.35	889.35	2500	2650	5000	8950	PE	24/12/2014	NIFTY	00:00:07

41.7.1. I note from the above table that Noticee 16 and Noticee 30 entered into 17 trades between themselves during 09.10.2014 to 29.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 16 and Noticee 30 in such 16 out of 17 trades was in the range of 6 to 56 seconds.

41.7.2. To illustrate the pattern adopted by Noticee 30 and Noticee 16, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 16, as pairs, as observed from analysis of trade log, as example, is given below:

41.7.3. On 16.10.2014, Noticee 16 placed a buy order at 13:25:42 for quantity 2000 in NIFTY-8750-PE (expiry date – 24/12/2014) at price Rs.731.75;

exactly after thirty-six seconds i.e. at 13:26:18, Noticee 30 placed a sell order for quantity 6000 at the exact same price as that of Noticee 16 viz., Rs.731.75 resulting in the orders getting executed at 13:26:18 for quantity 2000 at price Rs.731.75. Noticee 16 and Noticee 30 squared off this trade on 17.10.2014. On 17.10.2014, Noticee 16 placed a sell order at 10:33:02 for quantity 2000 at price Rs.912.35; after fifty-six seconds i.e. at 10:33:58, Noticee 30 placed a buy order for quantity 6000 at the exact same price as that of Noticee 16 viz., Rs.912.35 resulting in the orders getting executed at 10:33:58 for quantity 2000 at price Rs.912.35.

- 41.7.4. I note from the above table that Noticee 16 and Noticee 30 traded in similar manner repetitively during 09.10.2014 to 29.10.2014.
- 41.7.5. I also note from the analysis of trade data as also evident from table above that out of total 17 trades between the said pair of Noticee 16 and Noticee 30 during the IP, in all trades, it was Noticee 16 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity.
- 41.7.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 16 came as buyer or seller in first leg of impugned trades involving square off between Noticee 16 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 16 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 16 booking profit, in all the 17 instances of trading between the two during the IP. Total profit / loss across all 17 trades being Rs. 1087763/-.
- 41.7.7. I also note from the table above that Noticee 16 and Noticee 30 had traded between themselves across the expiries from November 2014 to December 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within just one or two trading days. For example, in the months of October 2014, they took positions in put and call options of different strike rates of Nifty



index options for expiry date of 27.11.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 16 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 16.

41.7.8. In view thereof, considering that Noticee 16 and 30 had entered into 16 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute save for an instance; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 16 who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### 41.8. Trades between Noticee 17 and Noticee 30:

Trade date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif_buy_sell_ord
21/10/2014	HEMANG D. SHETH	NIRSHILP SECURITIES PVT. LTD.	14:42:28	14:42:39	14:42:39	1220.15	1220.15	1220.15	1050	1200	4050	6750	CE	24/12/2014	NIFTY	00:00:11
21/10/2014	HEMANG D. SHETH	NIRSHILP SECURITIES PVT. LTD.	14:42:18	14:42:39	14:42:39	1220.15	1220.15	1220.15	3000	3000	4050	6750	CE	24/12/2014	NIFTY	00:00:21
22/10/2014	NIRSHILP SECURITIES PVT. LTD.	HEMANG D. SHETH	9:58:11	9:57:50	9:58:11	1390.25	1390.25	1390.25	4050	4050	4200	6750	CE	24/12/2014	NIFTY	00:00:21
21/10/2014	NIRSHILP SECURITIES PVT. LTD.	HEMANG D. SHETH	14:46:28	14:46:11	14:46:28	1130.85	1130.85	1130.85	3000	4400	3000	6950	CE	24/12/2014	NIFTY	00:00:17
21/10/2014	NIRSHILP SECURITIES PVT. LTD.	HEMANG D. SHETH	14:46:28	14:46:19	14:46:28	1130.85	1130.85	1130.85	1400	4400	1600	6950	CE	24/12/2014	NIFTY	00:00:09
22/10/2014	HEMANG D. SHETH	NIRSHILP SECURITIES PVT. LTD.	10:36:24	10:36:49	10:36:49	1089.65	1089.65	1089.65	4400	4600	4400	6950	CE	24/12/2014	NIFTY	00:00:25

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
21/10/2014	HEMANG D. SHETH	NIRSHILP SECURITIES PVT. LTD.	14:51:29	14:51:47	14:51:47	969.25	969.25	969.25	2150	2300	5150	9050	PE	24/12/2014	NIFTY	00:00:18
21/10/2014	HEMANG D. SHETH	NIRSHILP SECURITIES PVT. LTD.	14:51:20	14:51:47	14:51:47	969.25	969.25	969.25	3000	3000	5150	9050	PE	24/12/2014	NIFTY	00:00:27
22/10/2014	NIRSHILP SECURITIES PVT. LTD.	HEMANG D. SHETH	11:25:29	11:24:42	11:25:29	995.25	995.25	995.25	5100	5150	5300	9050	PE	24/12/2014	NIFTY	00:00:47

41.8.1. I note from the above table that Noticee 17 and Noticee 30 entered into 9 trades between themselves during 21.10.2014 to 22.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 17 and Noticee 30 in all 9 trades was in the range of 9 to 47 seconds.

41.8.2. To illustrate the pattern adopted by Noticee 17 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 17 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

41.8.3. On 21.10.2014 (first leg), Noticee 17 placed two sell orders at 14:46:11 and 14:46:19 for the quantities of 3000 and 1600 in NIFTY-6950-CE (expiry date – 24/12/2014) at price Rs.1130.85; exactly within nine seconds of second order placed by Noticee 17 i.e. at 14:46:28, Noticee 30 placed a buy order for quantity 4400 at the exact same price as that of Noticee 17 viz., Rs.1130.85 resulting in the orders getting executed at 14:46:28 for quantity 4400 at price Rs. 1130.85. Noticee 17 and Noticee 30 squared off this trade on 22.10.2014 (second leg). On 22.10.2014, Noticee 17 placed a buy order at 10:36:24 for quantity 4600 at price Rs.1089.65; after twenty-five seconds i.e. at 10:36:49, Noticee 30 placed a sell order for quantity 4400 at the exact same price as that of Noticee 17 viz., Rs.1089.65 resulting in the orders getting executed at 10:36:49 for quantity 4400 at price Rs.1089.65. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 21.10.2014 and second leg on 22.10.2014 were placed within nine and twenty-five seconds respectively. Further as evident from above, the first leg of trade in NIFTY-6950-CE (expiry date - 24/12/2014) between Noticee 17 and Noticee 30 was squared off by said pair of

Noticee's between themselves within just one trading days viz., on 22.10.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 17 of Rs.1, 81,280/- respectively.

- 41.8.4. I note from the above table that Noticee 17 and Noticee 30 traded in similar manner repetitively during 21.10.2014 to 22.10.2014.
- 41.8.5. I also note from the analysis of trade data as also evident from table above that out of total 9 trades between the said pair of Noticee 17 and Noticee 30 during the IP, in all trades, it was Noticee 17 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity.
- 41.8.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 17 came as buyer or seller in first leg of impugned trades involving square off between Noticee 17 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 17 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 17 booking profit, in all the 9 instances of trading between the two during the IP. Total profit and loss across all 57 trades being Rs. 954322.5.
- 41.8.7. I also note from the table above that Noticee 17 and Noticee 30 had traded between themselves in nifty index options contracts expiring in November 2014. However, they took positions in respective Nifty index options contracts in earlier months of the expiry month and they squared off the said positions within just one or two trading days. For example, in the months of October 2014, they took positions in put and call options of different strike rates of Nifty index options for expiry date of 24.11.2014 and squared off the same within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive

pattern of trading evidently points to abnormal trading behavior by Noticee 17 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting booking of loss by Noticee 30 and profit by Noticee 17.

41.8.8. In view thereof, considering that Noticee 17 and 30 had entered into 9 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 17 who booked profit across all trades involving different contract types (CE/PE) and different strike prices etc.; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### 41.9. Trades between Noticee 18 and Noticee 30:

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
13/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	10:37:08	10:36:30	10:37:08	1078.45	1078.45	1078.45	1500	4650	1500	6850	CE	27/11/2014	NIFTY	00:00:38
14/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:28:23	11:28:52	11:28:52	1017.65	1017.65	1017.65	1500	1500	4650	6850	CE	27/11/2014	NIFTY	00:00:29
13/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	10:31:15	10:31:36	10:31:36	586.75	586.75	586.75	2500	2500	8350	7250	CE	27/11/2014	NIFTY	00:00:21
14/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	14:23:36	14:23:17	14:23:36	741.35	741.35	741.35	2500	8350	2500	7250	CE	27/11/2014	NIFTY	00:00:19
16/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	13:23:59	13:23:21	13:23:59	1095.45	1095.45	1095.45	1500	6000	1500	8950	PE	27/11/2014	NIFTY	00:00:38
17/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	11:18:38	11:19:11	11:19:11	1055.15	1055.15	1055.15	1500	1500	6000	8950	PE	27/11/2014	NIFTY	00:00:33
09/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:31:39	14:32:07	14:32:07	685.25	685.25	685.25	2500	2500	5000	7350	CE	24/12/2014	NIFTY	00:00:28
10/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	14:31:15	14:30:35	14:31:15	712.1	712.1	712.1	2500	5000	2500	7350	CE	24/12/2014	NIFTY	00:00:40
16/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	13:25:53	13:26:18	13:26:18	731.75	731.75	731.75	1500	1500	6000	8750	PE	24/12/2014	NIFTY	00:00:25
17/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	10:33:58	10:33:13	10:33:58	912.35	912.35	912.35	1500	6000	1500	8750	PE	24/12/2014	NIFTY	00:00:45
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	RASILABEN P. SHAH	14:37:47	14:37:16	14:37:47	912.25	912.25	912.25	2500	5000	2500	8950	PE	24/12/2014	NIFTY	00:00:31
10/10/2014	RASILABEN P. SHAH	NIRSHILP SECURITIES PVT. LTD.	14:34:05	14:34:25	14:34:25	889.35	889.35	889.35	2500	2500	5000	8950	PE	24/12/2014	NIFTY	00:00:20

- 41.9.1. I note from the above table that Noticee 18 and Noticee 30 entered into 12 trades between themselves during 09.10.2014 to 17.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 18 and Noticee 30 in all 12 trades was in the range of 19 to 45 seconds.
- 41.9.2. To illustrate the pattern adopted by Noticee 18 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 18 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:
- 41.9.3. On 16.10.2014 (first leg), Noticee 18 placed a buy order at 13:25:53 for quantity 1500 in NIFTY-8750-PE (expiry date – 24/12/2014) at price Rs.731.75; exactly within twenty-five seconds i.e. at 13:26:18, Noticee 30 placed a sell order for quantity 6000 at the exact same price as that of Noticee 18 viz., Rs.731.75 resulting in the orders getting executed at 13:26:18 for quantity 1500 at price Rs.731.75. Noticee 18 and Noticee 30 squared off this trade on 17.10.2014 (second leg). On 17.10.2014, Noticee 18 placed sell order at 10:33:13 for quantity 1500 at price Rs.912.35; after forty-five seconds i.e. at 10:33:58, Noticee 30 placed a buy order for quantity 6000 at the exact same price as that of Noticee 18 viz., Rs.912.35 resulting in the orders getting executed at 10:33:58 for quantity 1500 at price Rs.912.35. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 16.10.2014 and second leg on 17.10.2014 were placed within twenty-five and forty-five seconds respectively. Further as evident from above, the first leg of trade in NIFTY-8750-PE (expiry date - 24/12/2014) between Noticee 18 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading day viz., on 17.10.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 18 of Rs.2, 70,900/- respectively.
- 41.9.4. I note from the above table that Noticee 18 and Noticee 30 traded in similar manner repetitively during 09.10.2014 to 17.10.2014.

- 41.9.5. I also note from the analysis of trade data as also evident from table above that out of total 12 trades between the said pair of Noticee 18 and Noticee 30 during the IP, in all trades, it was Noticee 18 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity.
- 41.9.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 18 came as buyer or seller in first leg of impugned trades involving square off between Noticee 18 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 18 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 18 booking profit, in all the 12 instances of trading between the two during the IP. Total profit / loss across all 12 trades being Rs. 933425/-.
- 41.9.7. In view thereof, considering that Noticee 18 and 30 had entered into 12 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 18 who booked profit across all trades involving different contract types (CE/PE) and different strike prices etc.; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### **42. Trades between Group 3 Noticees viz., Noticee 19 to 23 and Noticee 30:**

- 42.1. In this regard, I note from material available on record, that Group 3 Noticees viz., Noticee 19 to 23 were connected to each other. Further, it is noted from submissions of the Noticees 19 and 21 to 23 that they are

family members and thus connected and Noticee 20 was connected to other members of Group 3 viz., Noticee 20 has common email id with Noticee 21 i.e. sy\*\*\*\*mo\*\*\*\*\*ol@gmail.com ; Noticee 20 was director of Synergy Moneycontrol Pvt Ltd; fund transactions with Noticee 21 and Noticee 23. In this regard, the details and basis of connection among Noticees of Group 3, as noted from material available on record, are as under:

Sr. No.	Name of the Noticee	Basis of Connection
1	CHANDRIKA DHARMENDRA GADA (Noticee 19)	Common email in****d@gmail.com with Punaiben Gada (Sr. no. 3) Common mobile no. 98*****44 with Gomtiben Gada (Sr. no. 5) Common mobile no. 98*****99 with Neha Gada (Sr. no. 4) and Punaiben Gada (Sr. no. 3) Transferred funds to Synergy Moneycontrol Pvt Ltd, also fund transfer with Prithvi Finmart Private Ltd. Bank transaction with Veluben Gada and Lata Gada
2	VAIBHAV NAGJI RITA (Noticee 20)	Common email sy****mo*****ol@gmail.com with Punaiben Gada (Sr. no. 3) The joint account with Nagji Gada Transfer funds to Synergy Moneycontrol Pvt Ltd (SMPL) (now Future Money Control Pvt Ltd). Vaibhav Rita is director in company SMPL. Entity also transferred funds to Prithvi Finmart Private Ltd. Bank transaction with Puniaben Gada (Sr. no. 3) and Gomtiben Gada (Sr. no. 5)
3	PUNAIBEN MANILAL GADA (Noticee 21)	Common email in****d@gmail.com with Chandrika Gada (Sr. no. 1) Common mobile no. 98*****99 with Chandrika Gada (Sr. no. 1) and Neha Gada (Sr. no. 4) Common email sy****mo*****ol@gmail.com with Vaibhav Nagji Rita (Sr. no. 2) Transferred funds to Synergy Moneycontrol Pvt Ltd. also fund transfer with Prithvi Finmart Private Ltd. Bank transaction with Vaibhav Rita (Sr. no. 2) and Neha Gada (Sr. no. 4)
4	NEHA PRAVIN GADA (Noticee 22)	Common mobile no. 98*****99 with Chandrika Gada (Sr. no. 1) and Punaiben Gada (Sr. no. 3) Transferred funds to Synergy Moneycontrol Pvt Ltd. also fund transfer with Prithvi Finmart Private Ltd Bank transaction with Nagji Rita and Puniaben Gada (Sr. no. 3)
5	GOMTIBEN THAKARSHI GADA (Noticee 23)	Common mobile no. 98*****44 with Chandrika Gada (Sr. no. 1) Transferred funds to Synergy Moneycontrol Pvt Ltd. also fund transfer with Prithvi Finmart Private Ltd. Bank transaction with Vaibhav Rita (Sr. no 2) and Nagji Rita.

42.2. I note that the Noticee 19 to 23 had traded with Noticee 30, as pairs, in similar manner viz., Noticee 30 always booked loss and other Noticees i.e. Noticee 1 to 18, booked profit, as also brought out and dealt with in the foregoing in respect of Noticees of Group 1 and Group 2 i.e. Noticee 1 to 11 and Noticee 12 to 18, respectively.

- 42.3. In this regard, as regards Noticee 19, it is noted from material available on record that during March 06, 2014 and March 7, 2014 NIFTY closing has moved from 6401.15 to 6526.65 (i.e. increased by 125.50 points). During the same period the trade price most liquid NIFTY options contract (CE 6600) has moved from Rs.15.75 to Rs.63.45 (i.e. increased by Rs. 47.70). However, trade price (of CE-5450-April 2014) between Noticee 19 and Noticee 30 had increased from Rs.903.35 to Rs.1133.35 (increased by Rs.230). Thus, it was alleged that these trades were not executed in normal course of buying and selling on exchange platform, these trades executed as per prior arrangements made by them in which Noticee 30 booked loss and Noticee 19 booked profit.
- 42.4. In this regard, as regards Noticee 20, it is noted from material available on record that during March 05, 2014 and March 07, 2014 NIFTY closing had moved from 6,328.65 to 6,526.65 (i.e. increased by 198 points). During the same period the trade price most liquid NIFTY options contract (PE 6500) had decreased from Rs.164.40 to Rs.67.70 (i.e. decreased by Rs. 96.7), however, trade price (of PE-7350-May 2014) between Noticee 20 and Noticee 30 had increased from Rs.910.5 to Rs.955.25 (increased by Rs.44.75). Thus, it was alleged that these trades were not in sync with the market movement and the trades between them were synchronized trades in which Noticee 30 booked loss and Noticee 20 booked profit.
- 42.5. In this regard, as regards Noticee 21, it is noted from material available on record that during March 07, 2014 and March 10, 2014 NIFTY closing had moved from 6,526.65 to 6,537.25 (i.e. increased by 10.60 points). During the same period the trade price most liquid NIFTY options contract (CE 6600) had moved from Rs.63.45 to Rs.69.85 (i.e. increased by Rs.6.40). However, trade price (of CE-5250-April 2014) between Noticee 21 and Noticee 30 had increased from Rs.1237.65 to Rs.1392.95 (increased by Rs.155.30). Thus, it was alleged that these trades were not in sync with the market movement and the trades



between them were synchronized trades in which Noticee 30 booked loss and Noticee 21 booked profit.

42.6. In this regard, as regards Noticee 22, it is noted from material available on record that during March 06, 2014 and March 07, 2014 NIFTY closing had moved from 6401.15 to 6,526.65 (i.e. increased by 125.50 points). During the same period the trade price most liquid NIFTY options contract (PE 6500) had decreased from Rs.110.55 to Rs.67.70 (i.e. decreased by Rs.42.85), however, trade price (of PE-7050-April 2014) between Noticee 22 and Noticee 30 had increased from Rs.581.65 to Rs.710.50 (increased by Rs.128.85). Thus, it was alleged that these trades were not in sync with the market movement and the trades between them were synchronized trades in which Noticee 30 booked loss and Noticee 22 booked profit.

42.7. In this regard, as regards Noticee 23, it is noted from material available on record that during March 12, 2014 and March 19, 2014 NIFTY closing had moved from 6,516.90 to 6,524.05 (i.e. increased by 7.15 points). During the same period the trade price most liquid NIFTY options contract (CE 6600) had decreased from Rs.51.05 to Rs.29.10 (i.e. decreased by Rs.21.95). However, trade price (of CE-5450-May 2014) between Noticee 23 and Noticee 30 had increased from Rs.1137.25 to Rs.1245.05 (increased by Rs.107.80). Thus, it was alleged that these trades were not in sync with the market movement and the trades between them were synchronized trades in which Noticee 30 booked loss and Noticee 23 booked profit.

42.8. The trading details and analysis of trades of Noticee 19 to 23 with Noticee 30, are being dealt as under:

Trade date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_dif_buy_sell_ord
06/03/2014	CHANDRIKA DHARMENDRA GADA	NIRSHILP SECURITIES PVT. LTD.	10:47:01	10:47:08	10:47:08	903.35	903.35	903.35	5950	6200	5950	5450	CE	24/04/2014	NIFTY	00:00:07
07/03/2014	NIRSHILP SECURITIES PVT. LTD.	CHANDRIKA DHARMENDRA GADA	10:29:04	10:29:00	10:29:04	1133.35	1133.35	1133.35	5950	5950	5950	5450	CE	24/04/2014	NIFTY	00:00:04
04/03/2014	VAIBHAV NAGJIRITA	NIRSHILP SECURITIES PVT. LTD.	15:01:23	15:01:28	15:01:28	874.25	874.25	874.25	5600	5600	5600	5450	CE	29/05/2014	NIFTY	00:00:05
06/03/2014	NIRSHILP SECURITIES PVT LTD	VAIBHAV NAGJIRITA	10:36:00	10:35:57	10:36:00	1011.35	1011.35	1011.35	5600	5600	5600	5450	CE	29/05/2014	NIFTY	00:00:03
05/03/2014	VAIBHAV NAGJIRITA	NIRSHILP SECURITIES PVT. LTD.	13:14:13	13:14:22	13:14:22	910.5	910.5	910.5	6150	6150	6150	7350	PE	29/05/2014	NIFTY	00:00:09
07/03/2014	NIRSHILP SECURITIES PVT. LTD.	VAIBHAV NAGJIRITA	10:06:04	10:05:56	10:06:04	955.25	955.25	955.25	6150	6150	6500	7350	PE	29/05/2014	NIFTY	00:00:08

07/03/2014	PUNAIBEN MANILAL GADA	NIRSHILP SECURITIES PVT. LTD.	13:42:49	13:42:53	13:42:53	1237.65	1237.65	1237.65	6050	6500	6050	5250	CE	24/04/2014	NIFTY	00:00:04
10/03/2014	NIRSHILP SECURITIES PVT LTD	PUNAIBEN MANILAL GADA	12:21:52	12:21:45	12:21:52	1392.95	1392.95	1392.95	6050	6050	6050	5250	CE	24/04/2014	NIFTY	00:00:07
06/03/2014	NEHA PRAVIN GADA	NIRSHILP SECURITIES PVT LTD	10:55:39	10:55:46	10:55:46	581.65	581.65	581.65	4650	5000	4650	7050	PE	24/04/2014	NIFTY	00:00:07
07/03/2014	NIRSHILP SECURITIES PVT. LTD.	NEHA PRAVIN GADA	13:52:21	13:52:19	13:52:21	710.5	710.5	710.5	4650	4650	4650	7050	PE	24/04/2014	NIFTY	00:00:02
12/03/2014	GOMTIBEN THAKARSHI GADA	NIRSHILP SECURITIES PVT LTD	10:55:46	10:55:50	10:55:50	1137.25	1137.25	1137.25	2150	2500	2150	5450	CE	29/05/2014	NIFTY	00:00:04
19/03/2014	NIRSHILP SECURITIES PVT. LTD.	GOMTIBEN THAKARSHI GADA	10:40:54	10:40:52	10:40:54	1245.05	1245.05	1245.05	2150	2150	2250	5450	CE	29/05/2014	NIFTY	00:00:02

42.8.1. I note from material available on record as also evident from the details in table above that Noticee 19 and Noticee 30 entered into two trades on 06.03.2014 and 07.03.2014 while trading in Nifty-5450-CE (Expiry date – 24.04.2014).

42.8.2. To illustrate the pattern adopted by Noticee 30 and Noticee 19, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 19, as pairs, as observed from analysis of trade log, as example, is given below:

42.8.3. On 06.03.2014 (first leg), Noticee 19 placed a buy order at 10:47:01 for quantity 6200 in NIFTY-5450-CE (expiry date - 24/04/2014) at price Rs.903.35; exactly seven seconds i.e. at 10:47:08, Noticee 30 placed a sell order for quantity 5950 at the exact same price as that of Noticee 19 viz., Rs.903.35 resulting in the orders getting executed at 10:47:08 for quantity 5950 at price Rs.903.35. Noticee 19 and Noticee 30 squared off this trade on next day itself viz. 07.03.2014 (second leg). On 07.03.2014, Noticee 19 placed a sell order at 10:29:00 for quantity 5950 at price Rs.1133.35. after four seconds i.e. at 10:29:04, Noticee 30 placed a buy order for quantity 5950 at the exact same price as that of Noticee 19 viz., Rs.1133.35 resulting in the orders getting executed at 10:29:04 for quantity 5950 at price Rs.1133.35. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 06.03.2014 and second leg on 07.03.2014 were placed within seven and four seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date – 24/04/2014) between Noticee 19 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading days viz., on 07.03.2014 by

trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 19 of Rs.13, 68, 500/- respectively.

- 42.8.4. I note from material available on record as also evident from the details in table above that Noticee 20 and Noticee 30 entered into four trades during 04.03.2014 to 07.03.2014 while trading in Nifty-5450-CE (expiry date - 29/05/2014).
- 42.8.5. To illustrate the pattern adopted by Noticee 30 and Noticee 20, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 20, as pairs, as observed from analysis of trade log, as example, is given below:
- 42.8.6. On 04.03.2014 (first leg), Noticee 20 placed a buy order at 15:01:23 for quantity 5600 in NIFTY-5450-CE (expiry date - 29/05/2014) at price Rs.874.25; exactly within five seconds i.e. at 15:01:28, Noticee 30 placed a sell order for quantity 5600 at the exact same price as that of Noticee 20 viz. Rs.874.25 resulting in the orders getting executed at 15:01:28 for quantity 5600 at price Rs.874.25. Noticee 20 and Noticee 30 squared off this trade on 06.03.2014 (second leg). On 06.03.2014, Noticee 20 placed sell order at 10:35:57 for quantity 5600 at price Rs.1011.35; after three seconds i.e. at 10:36:00, Noticee 30 placed buy order for quantity 5600 at the exact same price as that of Noticee 20 viz. Rs.1011.35 resulting in the orders getting executed at 10:36:00 for quantity 5600 at price Rs.1011.35. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 04.03.2014 and second leg on 06.03.2014 were placed within five and three seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date – 29/05/2014) between Noticee 20 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 06.03.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 20 of Rs.7, 67,760/- respectively.
- 42.8.7. I note that, such precise order placement by the Noticee 20 and Noticee 30 considering time, quantity, and price the orders indicates synchronized

nature of trading and predetermined arrangement by them to book profits and losses respectively.

- 42.8.8. I note from material available on record as also evident from the details in table above that Noticee 21 and Noticee 30 entered into two trades on 07.03.2014 and 10.03.2014 while trading in Nifty-5250-CE (Expiry date – 24.04.2014).
- 42.8.9. To illustrate the pattern adopted by Noticee 30 and Noticee 21, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 21, as pairs, as observed from analysis of trade log, as example, is given below:
- 42.8.10. On 07.03.2014 (first leg), Noticee 21 placed a buy order at 13:42:49 for quantity 6500 in NIFTY-5250-CE (expiry date - 24/04/2014) at price Rs.1237.65; exactly within four seconds i.e. at 13:42:53, Noticee 30 placed a sell order for quantity 6050 at the exact same price as that of Noticee 21 viz. Rs.1237.65 resulting in the orders getting executed at 13:42:53 for quantity 6050 at price Rs.1237.65. Noticee 21 and Noticee 30 squared off this trade on 10.03.2014 (second leg). On 10.03.2014, Noticee 21 placed sell order at 12:21:45 for quantity 6050 at price Rs.1392.95; after seven seconds i.e. at 12:21:52, Noticee 30 placed buy order for quantity 6050 at the exact same price as that of Noticee 21 viz. Rs.1392.95 resulting in the orders getting executed at 12:21:52 for quantity 6050 at price Rs.1392.35. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 07.03.2014 and second leg on 10.03.2014 were placed within four and seven seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5250-CE (expiry date – 24/04/2014) between Noticee 21 and Noticee 30 was squared off by said pair of Noticee's between themselves within just three trading days viz., on 10.03.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 21 of Rs.9, 39,565/- respectively.
- 42.8.11. I note from material available on record as also evident from the details in table above that Noticee 22 and Noticee 30 entered into two trades on

on 06.03.2014 and 07.03.2014 while trading in Nifty-7050-PE (Expiry date – 24.04.2014).

42.8.12. To illustrate the pattern adopted by Noticee 30 and Noticee 22, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 22, as pairs, as observed from analysis of trade log, as example, is given below:

42.8.13. On 06.03.2014 (first leg), Noticee 22 placed a buy order at 10:55:39 for quantity 5000 in Nifty-7050-PE (expiry date - 24/04/2014) at price Rs.581.65; exactly within seven seconds i.e. at 10:55:46, Noticee 30 placed a sell order for quantity 4650 at the exact same price as that of Noticee 22 viz. Rs.581.65 resulting in the orders getting executed at 10:55:46 for quantity 4650 at price Rs.581.65. Noticee 22 and Noticee 30 squared off this trade on 07.03.2014 (second leg). On 07.03.2014, Noticee 22 placed sell order at 13:52:19 for quantity 4650 at price Rs.710.5; after two seconds i.e. at 13:52:21, Noticee 30 placed buy order for quantity 4650 at the exact same price as that of Noticee 22 viz. Rs.710.5 resulting in the orders getting executed at 13:52:21 for quantity 4650 at price Rs.710.5. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 06.03.2014 and second leg on 07.03.2014 were placed within seven and two seconds respectively. Further as evident from above, the first leg of trade in NIFTY-7050-PE (expiry date - 24/04/2014) between Noticee 22 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading day viz., on 07.03.2014 by trading in similar synchronized manner and booking of loss and profit by Noticee 30 and Noticee 22 of Rs.5, 99,153/- respectively.

42.8.14. I note from material available on record as also evident from the details in table above that Noticee 23 and Noticee 30 entered into two trades on 12.03.2014 and 19.03.2014 while trading in Nifty-5450-CE (Expiry date – 29.05.2014).

42.8.15. To illustrate the pattern adopted by Noticee 23 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 23

and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

- 42.8.16. On 12.03.2014 (first leg), Noticee 23 placed a buy order at 10:55:46 for quantity 2500 in NIFTY-5450-CE (expiry date - 29/05/2014) at price Rs.1137.25; exactly within four seconds i.e. at 10:55:50, Noticee 30 placed a sell order for quantity 2150 at the exact same price as that of Noticee 23 viz. Rs.1137.25 resulting in the orders getting executed at 10:55:50 for quantity 2150 at price Rs.1137.25. Noticee 23 and Noticee 30 squared off this trade on 19.03.2014 (second leg). On 19.03.2014, Noticee 23 placed sell order at 10:40:52 for quantity 2250 at price Rs.1245.05; after two seconds i.e. at 10:40:54, Noticee 30 placed buy order for quantity 2150 at the exact same price as that of Noticee 23 viz. Rs.1245.05 resulting in the orders getting executed at 10:40:54 for quantity 2150 at price Rs.1245.05. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 12.03.2014 and second leg on 19.03.2014 were placed within four and two seconds respectively. Further as evident from above, the first leg of trade in NIFTY-5450-CE (expiry date - 29/05/2014) between Noticee 23 and Noticee 30 was squared off by said pair of Noticee's between themselves within seven trading days viz., on 19.03.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 23 of Rs.2, 31,770/- respectively.
- 42.8.17. I also note from the illustrations given in the above paragraphs that all aforesaid impugned trades were not in sync with the market movement, i.e. in most of the instance price the options traded by them moved inversely to the movement in underlying Nifty and when the traded price moved in same direction as movement in Nifty, there was significant difference price movement of the options traded by them and actual movement in Nifty.
- 42.8.18. I also note from the analysis of trade data as also evident from table above that out of total 12 trades between the said pair of Noticee 19 to 23 and Noticee 30 during the IP, in all trades, it was Noticee 19 to 23 who

were placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price but with marginally varying quantity.

42.8.19. I also note from the table above that in all the aforesaid trades irrespective of Noticee 19 to 23 came as buyer or seller in first leg, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 19 to 23 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 19 to 23 booking profit, in all the 12 instances of trading between the Noticee 30 and Noticee 19 to 23 during the IP. Total profit/ loss across all 12 trades between Noticee 19 to 23 and Noticee 30 being Rs. 4181961/-.

42.8.20. I also note from the table above that Noticee 19 to 23 and Noticee 30 had traded between themselves in Nifty index options contracts with the expiries of April 2014 and May 2014. However, they took positions in respective Nifty index options contracts in the month of March 2014 and they squared off the said positions within one or two trading days in the same month. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 19 to 23 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 19 to 23.

42.8.21. In view thereof, considering that Noticee 19 to 23 and 30 had entered into 12 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all

the square off trades, it was Noticee 30 who booked losses and Noticee 19 to 23 who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

**43. Trades between Noticee 24 and Noticee 30 :**

43.1. It was inter alia alleged that Noticee 24 and Noticee 30 entered into synchronized trades and there was a predetermined arrangement to square off the trades and book profits and losses respectively. Further, the trades between Noticee 24 and Noticee 30 were not in sync with the movement of Nifty. Therefore, it was alleged that Noticee 24 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades were not genuine trades.

43.2. In this regard, I note from material available on record that Noticee 24 entered into trades with Noticee 30 in 21 contracts. While buying, 213900 traded quantity i.e. 56% of total quantity NIFTY options bought by it during the period was matched with Noticee 30 and Noticee 33. While selling, 213900 traded quantity i.e. 52% of traded quantity matched with Noticee 30. I also note that the Noticee 24 had entered into trades with Noticee 30, as pairs, in similar manner as that of trades between Noticee 1 to 23 and Noticee 30 as pairs, viz., Noticee 30 always booked loss and other Noticees 1 to 23 booked profit, as also brought out and dealt with in the foregoing.

43.3. The trading details and analysis of trades of 24 with Noticee 30, are being dealt as under:

Trd_date	buy_clnt_name	sell_clnt_name	bord_time	sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry Date	Symbol	trd_diff_buy_sell_orders
17/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	11:22:51	11:22:54	11:22:54	1594.5	1594.5	1594.5	9250	9500	9250	5150	CE	26/06/2014	NIFTY	00:00:03



Trd_date	buy_clnt_name	sell_clnt_name	bord_time	sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry Date	Symbol	trd_diff_buy_sell_orders
22/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	10:47:30	10:47:26	10:47:30	1768.35	1768.35	1768.35	9250	9250	9500	5150	CE	26/06/2014	NIFTY	00:00:04
09/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	13:33:48	13:33:44	13:33:48	1623.25	1623.25	1623.25	8750	8750	8850	5250	CE	26/06/2014	NIFTY	00:00:04
11/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	11:44:07	11:44:10	11:44:10	1542.1	1542.1	1542.1	8750	9000	8750	5250	CE	26/06/2014	NIFTY	00:00:03
25/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	12:11:46	12:11:50	12:11:50	1583.25	1583.25	1583.25	8950	9250	8950	5250	CE	26/06/2014	NIFTY	00:00:04
29/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	11:17:09	11:17:06	11:17:09	1597.85	1597.85	1597.85	8950	8950	9050	5250	CE	26/06/2014	NIFTY	00:00:03
09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	13:23:35	13:23:38	13:23:38	1387.3	1387.3	1387.3	9250	9500	9250	5350	CE	29/05/2014	NIFTY	00:00:03
11/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	14:05:32	14:05:29	14:05:32	1537.35	1537.35	1537.35	9250	9250	9500	5350	CE	29/05/2014	NIFTY	00:00:03
03/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	12:25:51	12:25:48	12:25:51	1397.05	1397.05	1397.05	8250	8250	8500	5450	CE	29/05/2014	NIFTY	00:00:03
07/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	13:21:01	13:21:04	13:21:04	1255.35	1255.35	1255.35	8250	8500	8250	5450	CE	29/05/2014	NIFTY	00:00:03
16/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	14:39:42	14:39:45	14:39:45	1292.85	1292.85	1292.85	9050	9250	9050	5450	CE	26/06/2014	NIFTY	00:00:03
21/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	10:33:37	10:33:35	10:33:37	1495.25	1495.25	1495.25	9050	9050	9250	5450	CE	26/06/2014	NIFTY	00:00:02
04/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	14:47:38	14:47:41	14:47:41	1185.35	1185.35	1185.35	9150	9300	9150	5550	CE	26/06/2014	NIFTY	00:00:03
09/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	10:08:57	10:08:54	10:08:57	1321.25	1321.25	1321.25	9150	9150	9300	5550	CE	26/06/2014	NIFTY	00:00:03
03/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	13:22:32	13:22:35	13:22:35	1097.45	1097.45	1097.45	9550	9750	9550	5650	CE	26/06/2014	NIFTY	00:00:03
07/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	10:21:19	10:21:16	10:21:19	1206.05	1206.05	1206.05	9550	9550	9750	5650	CE	26/06/2014	NIFTY	00:00:03
10/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	11:41:04	11:41:02	11:41:04	1290.1	1290.1	1290.1	8850	8650	8800	5650	CE	29/05/2014	NIFTY	00:00:02
16/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	10:36:05	10:36:08	10:36:08	1127.65	1127.65	1127.65	8850	9000	8650	5650	CE	29/05/2014	NIFTY	00:00:03
28/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	11:20:35	11:20:38	11:20:38	1133.25	1133.25	1133.25	8550	8750	8550	5650	CE	26/06/2014	NIFTY	00:00:03
30/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	11:37:17	11:37:04	11:37:17	1221.25	1221.25	1221.25	8550	8550	8700	5650	CE	26/06/2014	NIFTY	00:00:13
02/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	12:58:35	12:58:37	12:58:37	999.1	999.1	999.1	9250	9500	9250	5750	CE	26/06/2014	NIFTY	00:00:02
04/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	14:24:13	14:24:11	14:24:13	1119.75	1119.75	1119.75	9250	9250	9500	5750	CE	26/06/2014	NIFTY	00:00:02
04/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	14:42:46	14:42:43	14:42:46	1086.05	1086.05	1086.05	9150	9150	9300	5750	CE	29/05/2014	NIFTY	00:00:03
09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	12:02:59	12:03:01	12:03:01	1021.05	1021.05	1021.05	9150	9300	9150	5750	CE	29/05/2014	NIFTY	00:00:02
28/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	11:11:08	11:11:01	11:11:08	1177.05	1177.05	1177.05	8350	8350	8500	5750	CE	31/07/2014	NIFTY	00:00:07
30/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	13:24:25	13:24:28	13:24:28	1045.35	1045.35	1045.35	8350	8500	8350	5750	CE	31/07/2014	NIFTY	00:00:03
03/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	13:31:29	13:31:26	13:31:29	1015.25	1015.25	1015.25	9550	9550	9750	7750	PE	26/06/2014	NIFTY	00:00:03
07/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	13:25:49	13:25:52	13:25:52	935.05	935.05	935.05	9550	9750	9550	7750	PE	26/06/2014	NIFTY	00:00:03
28/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	11:09:05	11:09:08	11:09:08	924.8	924.8	924.8	8150	8350	8150	7850	PE	31/07/2014	NIFTY	00:00:03
30/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	13:22:40	13:22:37	13:22:40	1075.65	1075.65	1075.65	8150	8150	8400	7850	PE	31/07/2014	NIFTY	00:00:03
03/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	12:20:46	12:20:49	12:20:49	1087.65	1087.65	1087.65	8250	8500	8250	7950	PE	29/05/2014	NIFTY	00:00:03
07/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	10:16:30	10:16:28	10:16:30	1219.45	1219.45	1219.45	8250	8250	8500	7950	PE	29/05/2014	NIFTY	00:00:02
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	14:41:28	14:41:25	14:41:28	1227.15	1227.15	1227.15	9150	9150	9300	7950	PE	26/06/2014	NIFTY	00:00:03
21/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	10:30:27	10:30:29	10:30:29	1025.35	1025.35	1025.35	9150	9350	9150	7950	PE	26/06/2014	NIFTY	00:00:02
02/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	13:06:36	13:06:31	13:06:36	1307.6	1307.6	1307.6	9250	9250	9500	8050	PE	26/06/2014	NIFTY	00:00:05
04/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	10:25:55	10:25:58	10:25:58	1190.35	1190.35	1190.35	9250	9500	9250	8050	PE	26/06/2014	NIFTY	00:00:03
09/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	13:25:37	13:25:33	13:25:37	1292.65	1292.65	1292.65	9250	9250	9500	8050	PE	29/05/2014	NIFTY	00:00:04

Trd_date	buy_clnt_name	sell_clnt_name	ord_time	sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry Date	Symbol	trd_diff_buy_sell_orders
11/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	14:07:03	14:07:06	14:07:06	1141.6	1141.6	1141.6	9250	9500	9250	8050	PE	29/06/2014	NIFTY	00:00:03
28/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	11:18:59	11:18:58	11:18:59	1306.1	1306.1	1306.1	8250	8250	8500	8100	PE	26/06/2014	NIFTY	00:00:01
30/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	11:35:05	11:35:09	11:35:09	1230.15	1230.15	1230.15	8250	8550	8250	8100	PE	26/06/2014	NIFTY	00:00:04
09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	13:31:29	13:31:32	13:31:32	1253.45	1253.45	1253.45	8750	9000	8750	8150	PE	26/06/2014	NIFTY	00:00:03
11/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	11:42:27	11:42:25	11:42:27	1356.9	1356.9	1356.9	8750	8750	8900	8150	PE	26/06/2014	NIFTY	00:00:02
10/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	11:43:43	11:43:46	11:43:46	1193.5	1193.5	1193.5	8650	8800	8650	8150	PE	29/05/2014	NIFTY	00:00:03
16/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	10:39:11	10:39:08	10:39:11	1406.05	1406.05	1406.05	8650	8650	8950	8150	PE	29/05/2014	NIFTY	00:00:03
17/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	11:25:19	11:25:16	11:25:19	1386.25	1386.25	1386.25	9350	9350	9500	8150	PE	26/06/2014	NIFTY	00:00:03
22/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	10:50:58	10:51:00	10:51:00	1204.3	1204.3	1204.3	9350	9450	9350	8150	PE	26/06/2014	NIFTY	00:00:02
25/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	12:13:14	12:13:09	12:13:14	1367.45	1367.45	1367.45	9150	9150	9350	8200	PE	26/06/2014	NIFTY	00:00:05
29/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	11:15:03	11:15:07	11:15:07	1348.25	1348.25	1348.25	9150	9350	9150	8200	PE	26/06/2014	NIFTY	00:00:04

43.3.1. I note from the above table that Noticee 24 and Noticee 30 entered into 48 trades between themselves during 02.04.2014 to 30.04.2014 in various Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 24 and Noticee 30 in all 48 trades was in the range of 1 to 13 seconds. Noticee 24 and Noticee 30 squared off the initial position in short period of time, mostly within two to three trading days

43.3.2. To illustrate the pattern adopted by Noticee 24 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 24 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

43.3.3. On 02.04.2014 (first leg), Noticee 24 placed a sell order at 13:06:31 for quantity 9500 in NIFTY-8050-PE (expiry date - 26/06/2014) at price Rs.1307.6; exactly within five seconds i.e. at 13:06:36, buy order for quantity 9250 shares at the exact same price as that of Noticee 24 viz., Rs.1307.6 resulting in the order getting executed at 13:06:36 for quantity 9250 at price Rs.1307.6. Noticee 24 and Noticee 30 squared off this trade on 04.04.2014 (second leg). On 04.04.2014, Noticee 24 placed buy order at 10:25:55 for quantity 9500 at price Rs.1190.35; after three seconds i.e. at 10:25:58, Noticee 30 placed sell order for quantity 9250 at the exact

same price as that of Noticee 24 viz. Rs.1190.35 resulting in the orders getting executed at 10:25:58 for quantity 9250 at price Rs.1190.35. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 02.04.2014 and second leg on 04.04.2014 were placed within five and three seconds respectively. Further as evident from above, the first leg of trade in NIFTY-8050-PE (expiry date - 26/06/2014) between Noticee 24 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 04.04.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 24 of Rs.10, 84,563 /- respectively.

- 43.3.4. I note from the above table that Noticee 24 and Noticee 30 traded in similar manner repetitively during 02.04.2014 to 30.04.2014.
- 43.3.5. I also note from the analysis of trade data as also evident from table above that out of total 48 trades between the said pair of Noticee 24 and Noticee 30 during the IP, in all trades, it was Noticee 24 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price and same quantity or with marginally varying quantity.
- 43.3.6. I also note from the table above that in all the aforesaid trades irrespective of Noticee 24 came as buyer or seller in first leg, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 2 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 24 booking profit, in all the 48 instances of trading between the two during the IP wherein Noticee 30 booked total loss across all 48 trades of Rs.249.76 lakh and Noticee 24 booked total profit of Rs.249.76 lakh.
- 43.3.7. I note from the table above that Noticee 24 and Noticee 30 had traded between themselves across the expiries from May 2014 to July 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in the month of April 2014 and squared off the said positions within one or two trading days in the same month.

Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month. Despite Noticee 30 knew that it is going to make a loss after squaring off its position, it did not wait till expiry and booked loss repeatedly across the 24 trades loss immediately within few trading days, during the month. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 24 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly few days, thereby booking loss by Noticee 30 and profit by Noticee 24.

43.3.8. In this regard Noticee 24 contended that the rationale for the trades was to get premium credits against their margins, so they traded deep in the money options. All the trades were done on the exchange screen and without knowing the counterparty or counter broker. On their behalf, trades were executed by their broker SPS Share Brokers Pvt. Ltd. Further, Noticee 24 submitted that there was no structured deal between them or any brokers or any counterparty. At the time of initiating the trades, they were not aware whether they would make a profit or loss out these trades. In squaring-off, they happened to make profits / losses because of the time value decay of options. These profits / loss of the trades was part of the daily trades with their broker SPS Share Brokers Pvt. Ltd. They have no business or personal relations with any of the counterparty or broker.

43.3.9. In this regard, apart from making general statements, the Noticee had failed to demonstrate the rationale as to how out of 60 Nifty Contracts traded by the Noticee 24, trades in 21 contracts were entered with Noticee 30 wherein invariably in almost all the trades with Noticee 30, Noticee 30 booked loss whereas Noticee 24 had booked profit considering that it cannot be a mere coincidence that on an screen based mechanism, while selling, 213900 traded quantity i.e. 52% of traded quantity matched with Noticee 30 and the same has to be viewed in

totality of the facts and circumstances, as brought out above. Further, I note that although the Noticee 24 had contended that it booked profits/loss, however, as brought out above, Noticee 24 had repeatedly booked profits in trades with Noticee 30 and it was Noticee 30 who was booking loss across all trades involving different contract types (CE/ PE), different strike prices, and different expiries. In view thereof, the contentions of the Noticee 24 in this regard, are devoid of merit and hence not acceptable.

43.3.10. Further, I also note from material available on record that the trades of Noticee 24 were not in sync with the market movement, i.e. price the options traded by it moved inversely to the movement in underlying Nifty. As noted from material available on record, some transactions between Noticee 24 and Noticee 30 are detailed below to illustrate that the trades between these entities were not in sync with the market movement.

Expiry_date	Strike_price	Trade_Date	Buy_clnt_name	Sell_clnt_name	Trd_price	Sum of Trd_Quantity
29/05/2014	5350 (CE)	09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1387.3	9250
		11/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1537.35	9250
29/05/2014	5750 (CE)	04/04/2014	NIRSHILP SECURITIES PVT. LTD.	SHAPOOR P. MISTRY (ARB)	1086.05	9150
		09/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT LTD	1021.05	9150
29/05/2014	8050 (PE)	09/04/2014	NIRSHILP SECURITIES PVT LTD	SHAPOOR P. MISTRY (ARB)	1292.65	9250
		11/04/2014	SHAPOOR P. MISTRY (ARB)	NIRSHILP SECURITIES PVT. LTD.	1141.6	9250

43.3.11. In this regard, it is noted from material available on record that during April 09, 2014 and April 11, 2014 NIFTY closing had moved from 6796.20 to 6776.30 (decreased by 19.9 points). During the same period the trade price of the most liquid NIFTY call options contract had decreased from Rs.82.20 to Rs.63.05 (decreased by Rs.19.15). However, trade price (of CE-5350-May 2014) between Noticee 24 and Noticee 30 had increased from Rs.1387.3 to Rs.1537.35 (increased by Rs.150.05).

43.3.12. Similarly, during April 04, 2014 and April 09, 2014 NIFTY closing had moved from 6694.35 to 6796.20 (increased by 101.85 points). During the

same period the trade price most liquid NIFTY call options contract had increased from Rs.53.35 to Rs.82.20 (increased by Rs.28.85). However, trade price (of CE-5750-May 2014) between Noticee 24 and Noticee 30 had decreased from Rs.1086.05 to Rs.1021.05 (decreased by Rs.65).

43.3.13. Similarly, during April 09, 2014 and April 11, 2014 NIFTY closing had moved from 6796.20 to 6776.30 (decreased by 19.9 points). During the same period the trade price most liquid NIFTY placed options contract has increased from Rs.21.90 to Rs.26.45 (increased by Rs.4.55). However, trade price (of PE-8050-May 2014) between Noticee 24 and Noticee 30 had decreased from Rs.1292.65 to Rs.1141.60 (decreased by Rs.151.05).

43.3.14. In view thereof, considering that Noticee 24 and 30 had entered into 48 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 24 who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different expiries; and that the trades between Noticee 24 and Noticee 30 were not in sync with market movement i.e. price of the options traded by Noticee 24 moved inversely to the movement of underlying Nifty; I am of the view that the synchronization and squaring off of trades cannot be just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### **44. Trades between Noticee 25 and Noticee 30 :**

44.1. It was inter alia alleged that Noticee 25 and Noticee 30 entered into synchronized trades and there was a predetermined arrangement to

square off the trades and book profits and losses respectively. Further, the trades between Noticee 25 and Noticee 30 were not in sync with the movement of Nifty. Therefore, it was alleged that Noticee 25 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades were not genuine trades.

44.2. I note from material available on record that Noticee 25 entered into trades with Noticee 30 in 21 contracts. In this regard, the trading details and analysis of trades of 25 with Noticee 30, are being dealt as under:

### Trades between Noticee 25 and Noticee 30:

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
15/05/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	13:32:12	13:32:09	13:32:12	108.5	108.5	108.5	9950	10000	10000	7500	CE	29/05/2014	NIFTY	00:00:03
21/05/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	11:49:36	11:49:33	11:49:36	970.75	970.75	970.75	7150	7150	7150	8250	PE	26/06/2014	NIFTY	00:00:03
23/05/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	10:14:54	10:14:58	10:14:58	826.35	826.35	826.35	7150	7300	7150	8250	PE	26/06/2014	NIFTY	00:00:04
23/05/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	11:48:43	11:48:53	11:48:53	1215.65	1215.65	1215.65	5050	5150	5050	6150	CE	31/07/2014	NIFTY	00:00:10
27/05/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	14:04:43	14:04:36	14:04:43	1280.35	1280.35	1280.35	5050	5050	5150	6150	CE	31/07/2014	NIFTY	00:00:07
24/06/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	10:45:48	10:45:45	10:45:48	1270.15	1270.15	1270.15	7250	7250	7400	6450	CE	28/08/2014	NIFTY	00:00:03
26/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	11:32:40	11:32:44	11:32:44	1110.35	1110.35	1110.35	7250	7400	7250	6450	CE	28/08/2014	NIFTY	00:00:04
17/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	12:52:01	12:52:06	12:52:06	920.15	920.15	920.15	7350	7500	7350	6650	CE	28/08/2014	NIFTY	00:00:05
20/06/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	11:11:05	11:11:01	11:11:05	1030.85	1030.85	1030.85	7350	7350	7500	6650	CE	28/08/2014	NIFTY	00:00:04
20/06/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	11:16:07	11:15:57	11:16:07	986.15	986.15	986.15	8250	8250	8500	8550	PE	28/08/2014	NIFTY	00:00:10
24/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	10:38:10	10:38:13	10:38:13	838.65	838.65	838.65	8250	8400	8250	8550	PE	28/08/2014	NIFTY	00:00:03
24/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	14:32:45	14:32:49	14:32:49	935.85	935.85	935.85	8150	8300	8150	8650	PE	28/08/2014	NIFTY	00:00:04
26/06/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	11:35:00	11:34:57	11:35:00	1095.45	1095.45	1095.45	8150	8150	8300	8650	PE	28/08/2014	NIFTY	00:00:03
20/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	11:24:14	11:24:22	11:24:22	1122.75	1122.75	1122.75	7950	8000	7950	6400	CE	25/09/2014	NIFTY	00:00:08
24/06/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	10:30:33	10:30:28	10:30:33	1259.25	1259.25	1259.25	7150	7150	7200	6400	CE	25/09/2014	NIFTY	00:00:05
26/06/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	11:37:48	11:37:42	11:37:48	1175.6	1175.6	1175.6	800	800	950	6400	CE	25/09/2014	NIFTY	00:00:06
14/07/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	11:23:42	11:23:48	11:23:48	763.45	763.45	763.45	9050	9200	9050	6750	CE	25/09/2014	NIFTY	00:00:06
15/07/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	15:15:19	15:15:15	15:15:19	919.35	919.35	919.35	6750	6750	6900	6750	CE	25/09/2014	NIFTY	00:00:04
16/07/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	11:32:42	11:32:37	11:32:42	927.15	927.15	927.15	2300	2300	2500	6750	CE	25/09/2014	NIFTY	00:00:05
14/07/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	11:28:01	11:27:53	11:28:01	1025.75	1025.75	1025.75	8650	8650	8800	8550	PE	25/09/2014	NIFTY	00:00:08
16/07/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	11:30:32	11:30:36	11:30:36	855.85	855.85	855.85	8650	8800	8650	8550	PE	25/09/2014	NIFTY	00:00:04
12/08/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	12:05:17	12:05:21	12:05:21	948.25	948.25	948.25	5250	5500	5250	6750	CE	30/10/2014	NIFTY	00:00:04
14/08/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	10:04:31	10:04:16	10:04:31	1137.05	1137.05	1137.05	5250	5250	5500	6750	CE	30/10/2014	NIFTY	00:00:15
12/08/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	12:14:22	12:14:16	12:14:22	1150.75	1150.75	1150.75	5250	5250	5500	8850	PE	30/10/2014	NIFTY	00:00:06
14/08/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	12:06:14	12:06:19	12:06:19	966.85	966.85	966.85	5250	5500	5250	8850	PE	30/10/2014	NIFTY	00:00:05
17/10/2014	NIRSHILP SECURITIES PVT LTD	MODISONS COMMERCIAL PVT LTD	11:46:40	11:46:28	11:46:40	1027.55	1027.55	1027.55	4900	4900	5150	6850	CE	27/11/2014	NIFTY	00:00:12
20/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	11:07:27	11:07:44	11:07:44	1061.45	1061.45	1061.45	4900	5150	4900	6850	CE	27/11/2014	NIFTY	00:00:17
17/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT LTD	11:42:55	11:43:07	11:43:07	735.25	735.25	735.25	6750	7000	6750	7050	CE	27/11/2014	NIFTY	00:00:12

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_order
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	11:03:20	11:02:59	11:03:20	932.15	932.15	932.15	6750	6750	6900	7050	CE	27/11/2014	NIFTY	00:00:21
22/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	12:12:50	12:12:39	12:12:50	955	955.25	955	50	5200	50	7150	CE	27/11/2014	NIFTY	00:00:11
22/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	12:12:50	12:12:12	12:12:50	955.25	955.25	955.25	5150	5200	5400	7150	CE	27/11/2014	NIFTY	00:00:38
27/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	11:52:42	11:52:58	11:52:58	881	881	880.45	50	50	5200	7150	CE	27/11/2014	NIFTY	00:00:16
27/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	11:52:33	11:52:58	11:52:58	880.45	880.45	880.45	5150	5400	5200	7150	CE	27/11/2014	NIFTY	00:00:25
20/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	14:57:52	14:58:10	14:58:10	851.15	851.15	851.15	5850	6100	5850	8850	PE	27/11/2014	NIFTY	00:00:18
21/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	10:36:21	10:35:54	10:36:21	918.45	918.45	918.45	5850	5850	6150	8850	PE	27/11/2014	NIFTY	00:00:27
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	15:00:28	15:00:14	15:00:28	1247.75	1247.75	1247.75	4050	4050	4300	9150	PE	27/11/2014	NIFTY	00:00:14
21/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	10:32:42	10:33:06	10:33:06	1096.95	1096.95	1096.95	4050	4250	4050	9150	PE	27/11/2014	NIFTY	00:00:24
29/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	14:24:39	14:25:02	14:25:02	1360.25	1360.25	1360.25	3600	3900	3650	6750	CE	24/12/2014	NIFTY	00:00:23
29/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	14:24:49	14:25:02	14:25:02	1361	1361	1360.25	50	50	3650	6750	CE	24/12/2014	NIFTY	00:00:13
30/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	12:28:15	12:27:59	12:28:15	1549	1549.25	1549	50	3650	50	6750	CE	24/12/2014	NIFTY	00:00:16
30/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	12:28:15	12:27:48	12:28:15	1549.25	1549.25	1549.25	3600	3650	3700	6750	CE	24/12/2014	NIFTY	00:00:27
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	14:29:22	14:29:02	14:29:22	1260.75	1260.75	1260.75	3900	3950	4200	6950	CE	24/12/2014	NIFTY	00:00:20
29/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	14:29:22	14:29:09	14:29:22	1260	1260.75	1260	50	3950	50	6950	CE	24/12/2014	NIFTY	00:00:13
30/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	11:39:42	11:40:08	11:40:08	1222.25	1222.25	1222.25	3900	4000	3950	6950	CE	24/12/2014	NIFTY	00:00:26
30/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	11:39:51	11:40:08	11:40:08	1223	1223	1222.25	50	50	3950	6950	CE	24/12/2014	NIFTY	00:00:17
22/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	13:09:53	13:10:09	13:10:09	888	888	887.35	50	50	5650	7150	CE	24/12/2014	NIFTY	00:00:16
22/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	13:09:26	13:10:09	13:10:09	887.35	887.35	887.35	5600	6000	5650	7150	CE	24/12/2014	NIFTY	00:00:43
27/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	14:10:18	14:10:07	14:10:18	1020	1020.75	1020	50	5650	50	7150	CE	24/12/2014	NIFTY	00:00:11
27/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	14:10:18	14:09:56	14:10:18	1020.75	1020.75	1020.75	5600	5650	5800	7150	CE	24/12/2014	NIFTY	00:00:22
27/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	15:06:36	15:06:48	15:06:48	790	790	789.35	50	50	6250	7250	CE	24/12/2014	NIFTY	00:00:12
27/10/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	15:06:27	15:06:48	15:06:48	789.35	789.35	789.35	6200	6500	6250	7250	CE	24/12/2014	NIFTY	00:00:21
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	14:29:37	14:29:25	14:29:37	937	937.15	937	50	6250	50	7250	CE	24/12/2014	NIFTY	00:00:12
28/10/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	14:29:37	14:29:18	14:29:37	937.15	937.15	937.15	6200	6250	6400	7250	CE	24/12/2014	NIFTY	00:00:19

44.2.1. I note from the material available on record as also evident from the details in table above that Noticee 25 and Noticee 30 entered into 53 trades between themselves during 15.05.2014 to 31.10.2014 in various Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 25 and Noticee 30 in all the aforesaid trades was in the range of 3 to 43 seconds.

44.2.2. To illustrate the pattern adopted by Noticee 30 and Noticee 25, for brevity, an instance of synchronized and squared off trade between Noticee 30 and Noticee 25, as pairs, as observed from analysis of trade log, as example, is given below:



- 44.2.3. On 20.10.2014 (first leg), Noticee 25 placed a buy order at 14:57:52 for quantity 6100 in NIFTY-8850-PE (expiry date - 27/11/2014) at price Rs.851.15; exactly within eighteen seconds i.e. at 14:58:10, Noticee 30 placed a sell order for quantity 5850 at the exact same price as that of Noticee 25 viz. Rs.851.15 resulting in the orders getting executed at 14:58:10 for quantity 5850 at price Rs.851.15. Noticee 25 and Noticee 30 squared off this trade on next day itself viz. on 21.04.2014 (second leg). On 21.04.2014, Noticee 25 placed sell order at 10:35:54 for quantity 6150 at price Rs.918.45; after twenty-seven seconds i.e. at 10:36:21, Noticee 30 placed buy order for quantity 5850 at the exact same price as that of Noticee 25 viz. Rs.918.45 resulting in the order getting executed at 10:36:21 for quantity 5850 at price Rs.918.45. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 20.10.2014 and second leg on 21.10.2014 were placed within eighteen and twenty-seven seconds respectively. Further as evident from above, the first leg of trade in NIFTY-8850-PE (expiry date - 26/06/2014) between Noticee 25 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading days viz., on 21.10.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 25 of Rs.3, 93,705/- respectively.
- 44.2.4. I note from the above table that Noticee 25 and Noticee 30 traded in similar manner repetitively during 15.05.2014 to 31.10.2014.
- 44.2.5. I also note from the analysis of trade data as also evident from table above that out of total 53 trades between the said pair of Noticee 25 and Noticee 30 during the IP, in all trades save for few instances, it was Noticee 25 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute at exact same price and same quantity or with marginally varying quantity. To cite as instance, out of total 53 instances of trades as in table above, Noticee 25 had placed the orders first in 52 out of 53 instances as buyer in 25 and seller in 27 instances each.

- 44.2.6. I note from the table above that in all the aforesaid trades irrespective of Noticee 25 came as buyer or seller in first leg of impugned trades between Noticee 25 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 25 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 25 booking profit, in all the fifty three instances of trading between the two during the IP. The total profit / loss across all squared off trades being Rs. 171.07 lakh.
- 44.2.7. I also note from the table above that Noticee 25 and Noticee 30 had traded between themselves across the expiries from May 2014 to December 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in the month of May to October 2014 and squared off the said positions within few days mostly within one or two trading days in the same month. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 25 and Noticee 30 and premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly few days, resulting in booking of loss by Noticee 30 and profit by Noticee 25.
- 44.2.8. I also note from material available on record that the trades of Noticee 25 and Noticee 30 were not in sync with the market movement, i.e. price the options traded by it moved inversely to the movement in underlying Nifty. As noted from material available on record, some transactions between Noticee 25 and Noticee 30 are detailed below to illustrate that the trades between these entities were not in sync with the market movement.

Expiry_ date	Strike _price	Trade_Date	Buy_clnt_name	Sell_clnt_name	Trd_price	Sum of Trd_ Quantity
28/08/2014	6650 (CE)	17/06/2014	MODISONS COMMERCIAL PVT LTD	NIRSHILP SECURITIES PVT. LTD.	920.15	7350
		20/06/2014	NIRSHILP SECURITIES PVT. LTD.	MODISONS COMMERCIAL PVT LTD	1030.85	7350

- 44.2.9. In this regard, it is noted that during June 17, 2014 and June 20, 2014 NIFTY closing had moved from 7631.70 to 7511.45 (decreased by 120.25 points). During the same period the trade price most liquid NIFTY call options contract had decreased from Rs.101.40 to Rs.24.85 (decreased by Rs.76.55). However, trade price (of CE-6650-August 2014) between Noticee 25 and Noticee 30 had increased from Rs.920.15 to Rs.1030.85 (increased by Rs.110.70).
- 44.2.10. Noticee 25 submitted in its reply to the SCN that similar issues had been raised by BSE to Brokers, which we too had received and on request the penalty charges have been reduced greatly, so request you to please consider this while judging our matter and close this legal allegation at the earliest.
- 44.2.11. In this regard, I note that instant proceedings are separate from any other proceedings being taken elsewhere and have to be dealt with accordingly. This apart, I note that while Noticee 25 had contended so however, did not provide complete details or documents related to the same. In view thereof, the contention of the Noticee in this regard, is devoid of merit and hence cannot be accepted.
- 44.2.12. Noticee 25 also submitted that it faced huge losses in 2020-21 and there has been a division in family business during the same period due to various disputes between family members. It is responsible for its actions and are ready to face the consequences and requested to give it leniency in judging the case. In this regard, I note that the said submissions are in nature of admission of the alleged violations against it in so far as it had stated that '*...It is responsible for its actions ...*'
- 44.2.13. In view thereof, considering that Noticee 25 and 30 had entered into 53 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed

within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 25 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; and that the trades between Noticee 25 and Noticee 30 were not in sync with market movement i.e. price the options traded by it moved inversely to the movement in underlying Nifty; the synchronization and squaring off of trades cannot be just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

**45. Trades between Noticee 27 and Noticee 30:**

45.1. It was inter alia alleged that Noticee 27 and Noticee 30 entered into synchronized trades and there was a predetermined arrangement to square off the trades and book profits and losses respectively. It was also alleged that Noticee 27 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades were not genuine trades.

45.2. I note from material available on record that Noticee 27 and Noticee 30 entered into trades with each other in 10 contracts. The trading details and analysis of trades of 27 with Noticee 30, are being dealt as under:

**Trades between Noticee 27 and Noticee 30:**

Trade date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike price	Option	Expiry date	Symbol	Trd_diff_buy_sell_ord
20/10/2014	AVCOMMOTIES	NIRSHILP SECURITIES PVT. LTD.	14:53:06	14:53:36	14:53:36	1145.25	1145.25	1145.25	1500	1750	4500	6750	CE	27/11/2014	NIFTY	00:00:30
20/10/2014	AVCOMMOTIES	NIRSHILP SECURITIES PVT. LTD.	14:53:03	14:53:36	14:53:36	1145.25	1145.25	1145.25	3000	3000	4500	6750	CE	27/11/2014	NIFTY	00:00:33
21/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMOTIES	14:11:51	14:11:34	14:11:51	1297.65	1297.65	1297.65	1500	4500	1700	6750	CE	27/11/2014	NIFTY	00:00:17
21/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMOTIES	14:11:51	14:11:29	14:11:51	1297.65	1297.65	1297.65	3000	4500	3000	6750	CE	27/11/2014	NIFTY	00:00:22
13/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMOTIES	10:37:08	10:36:53	10:37:08	1078.45	1078.45	1078.45	1650	4650	1800	6850	CE	27/11/2014	NIFTY	00:00:15
14/10/2014	AVCOMMOTIES	NIRSHILP SECURITIES PVT. LTD.	11:28:41	11:28:52	11:28:52	1017.65	1017.65	1017.65	1650	1800	4650	6850	CE	27/11/2014	NIFTY	00:00:11
09/10/2014	AVCOMMOTIES	NIRSHILP SECURITIES PVT. LTD.	13:51:10	13:51:19	13:51:19	935.15	935.15	935.15	1300	1500	5300	7050	CE	27/11/2014	NIFTY	00:00:09
09/10/2014	AVCOMMOTIES	NIRSHILP SECURITIES PVT. LTD.	13:51:05	13:51:19	13:51:19	935.15	935.15	935.15	4000	4000	5300	7050	CE	27/11/2014	NIFTY	00:00:14
10/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMOTIES	14:15:11	14:14:55	14:15:11	960.45	960.45	960.45	4000	5300	4000	7050	CE	27/11/2014	NIFTY	00:00:16
10/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMOTIES	14:15:11	14:14:59	14:15:11	960.45	960.45	960.45	1300	5300	1500	7050	CE	27/11/2014	NIFTY	00:00:12

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
22/09/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	13:34:17	13:34:22	13:34:22	926.5	926.5	926.5	2650	2650	2650	7250	CE	27/11/2014	NIFTY	00:00:05
25/09/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	14:38:41	14:36:25	14:38:41	950.25	950.25	950.25	1350	1350	1350	7250	CE	27/11/2014	NIFTY	00:02:16
29/09/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	14:25:21	14:25:02	14:25:21	950.25	950.25	950.25	1300	1300	1300	7250	CE	27/11/2014	NIFTY	00:00:19
13/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	10:31:29	10:31:36	10:31:36	586.75	586.75	586.75	3350	3500	8350	7250	CE	27/11/2014	NIFTY	00:00:07
14/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	14:23:36	14:23:01	14:23:36	741.35	741.35	741.35	3500	8350	3500	7250	CE	27/11/2014	NIFTY	00:00:35
17/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	14:12:05	14:12:25	14:12:25	577.15	577.15	577.15	4000	4000	8600	7250	CE	27/11/2014	NIFTY	00:00:20
17/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	14:12:11	14:12:25	14:12:25	577.15	577.15	577.15	4000	4000	8600	7250	CE	27/11/2014	NIFTY	00:00:14
17/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	14:12:16	14:12:25	14:12:25	577.15	577.15	577.15	600	900	8600	7250	CE	27/11/2014	NIFTY	00:00:09
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	10:09:59	10:09:30	10:09:59	737.35	737.35	737.35	2000	8600	2000	7250	CE	27/11/2014	NIFTY	00:00:29
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	10:09:59	10:09:38	10:09:59	737.35	737.35	737.35	2000	8600	2000	7250	CE	27/11/2014	NIFTY	00:00:21
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	10:09:59	10:09:48	10:09:59	737.35	737.35	737.35	450	8600	650	7250	CE	27/11/2014	NIFTY	00:00:11
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	10:09:59	10:09:23	10:09:59	737.35	737.35	737.35	4000	8600	4000	7250	CE	27/11/2014	NIFTY	00:00:36
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	14:47:04	14:46:41	14:47:04	1154.65	1154.65	1154.65	3000	4500	3000	9050	PE	27/11/2014	NIFTY	00:00:23
20/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	14:47:04	14:46:44	14:47:04	1154.65	1154.65	1154.65	1500	4500	1700	9050	PE	27/11/2014	NIFTY	00:00:20
21/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	14:13:26	14:13:58	14:13:58	999.75	999.75	999.75	1500	1800	4500	9050	PE	27/11/2014	NIFTY	00:00:32
21/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	14:13:22	14:13:58	14:13:58	999.75	999.75	999.75	3000	3000	4500	9050	PE	27/11/2014	NIFTY	00:00:36
22/09/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	14:45:58	14:45:48	14:45:58	1030.75	1030.75	1030.75	2400	2400	2400	9250	PE	27/11/2014	NIFTY	00:00:10
26/09/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	15:00:35	15:00:42	15:00:42	1016.25	1016.25	1016.25	2400	2400	2400	9250	PE	27/11/2014	NIFTY	00:00:07
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	13:56:57	13:56:47	13:56:57	1192.65	1192.65	1192.65	4000	5650	4000	6950	CE	24/12/2014	NIFTY	00:00:10
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	13:56:57	13:56:51	13:56:57	1192.65	1192.65	1192.65	1650	5650	2000	6950	CE	24/12/2014	NIFTY	00:00:06
10/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	9:47:07	9:47:16	9:47:16	1008.45	1008.45	1008.45	4000	4000	5650	6950	CE	24/12/2014	NIFTY	00:00:09
10/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	9:47:10	9:47:16	9:47:16	1008.45	1008.45	1008.45	1650	2000	5650	6950	CE	24/12/2014	NIFTY	00:00:06
17/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	14:18:02	14:17:40	14:18:02	920.75	920.75	920.75	4000	5450	4000	7050	CE	24/12/2014	NIFTY	00:00:22
17/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	14:18:02	14:17:45	14:18:02	920.75	920.75	920.75	1450	5450	1700	7050	CE	24/12/2014	NIFTY	00:00:17
20/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	10:11:22	10:11:37	10:11:37	900.25	900.25	900.25	4000	4000	5450	7050	CE	24/12/2014	NIFTY	00:00:15
20/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	10:11:25	10:11:37	10:11:37	900.25	900.25	900.25	1450	1600	5450	7050	CE	24/12/2014	NIFTY	00:00:12
08/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	11:40:03	11:40:14	11:40:14	782.75	782.75	782.75	5000	5000	6300	7150	CE	24/12/2014	NIFTY	00:00:11
08/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	11:40:08	11:40:14	11:40:14	782.75	782.75	782.75	1300	1500	6300	7150	CE	24/12/2014	NIFTY	00:00:06
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	10:12:01	10:11:50	10:12:01	965.05	965.05	965.05	1300	6300	1500	7150	CE	24/12/2014	NIFTY	00:00:11
09/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	10:12:01	10:11:45	10:12:01	965.05	965.05	965.05	5000	6300	5000	7150	CE	24/12/2014	NIFTY	00:00:16
08/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	11:46:20	11:46:14	11:46:20	1118.65	1118.65	1118.65	500	4500	750	9050	PE	24/12/2014	NIFTY	00:00:06
08/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	11:46:20	11:46:04	11:46:20	1118.65	1118.65	1118.65	4000	4500	4000	9050	PE	24/12/2014	NIFTY	00:00:16
09/10/2014	AVCOMMODITIES	NIRSHILP SECURITIES PVT. LTD.	11:30:52	11:30:59	11:30:59	936.8	936.8	936.8	4500	4700	4500	9050	PE	24/12/2014	NIFTY	00:00:07
22/10/2014	NIRSHILP SECURITIES PVT. LTD.	AVCOMMODITIES	11:25:29	11:25:05	11:25:29	994	995.25	994	50	5150	50	9050	PE	24/12/2014	NIFTY	00:00:24

45.2.1. I note from the material available on record as also evident from the details in table above that Noticee 27 and Noticee 30 entered into 44 trades between themselves during 22.09.2014 to 22.10.2014 in various contracts of Nifty index options involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time

difference between buy and sell orders of Noticee 27 and Noticee 30 in 43 such trades was in the range of 5 to 36 seconds.

45.2.2. To illustrate the pattern adopted by Noticee 27 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 27 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

45.2.3. On 20.10.2014 (first leg), Noticee 27 placed two buy orders at 14:53:03 and 14:53:06 for quantity 3000 and 1750 respectively at the same price Rs.1145.25; exactly within thirty seconds of last order placed by Noticee 27 i.e. at 14:53:36, Noticee 30 placed a sell order for quantity 4500 at exact same price as that of Noticee 27 viz. Rs.1145.25 resulting in the orders getting executed at 14:53:36 for quantity 4500 at price Rs.1145.25. Noticee 27 and Noticee 30 squared off this trade on next day itself viz. 21.10.2014 (second leg). On 21.10.2014, Noticee 27 placed two sell orders at 14:11:29 and 14:11:34 for quantity 3000 and 1700 respectively at the same price Rs.1297.65; after seventeen seconds of last order placed by Noticee 27 i.e. at 14:11:51, Noticee 30 placed buy order for quantity 4500 at exact same price as that of Noticee 27 viz. Rs.1297.65 resulting in the orders getting executed at 14:11:51 for quantity 4500 at price Rs.1297.65. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 20.10.2014 and second leg on 21.10.2014 were placed within thirty and seventeen seconds respectively. Further as evident from above, the first leg of trade in NIFTY-6750-CE (expiry date - 27/11/2014) between Noticee 27 and Noticee 30 was squared off by said pair of Noticee's between themselves within just one trading days viz., on 21.10.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 27 of Rs.6, 85,800/- respectively.

45.2.4. I note from the above table that Noticee 27 and Noticee 30 traded in similar manner repetitively during 22.09.2014 to 22.10.2014.

45.2.5. I also note from the analysis of trade data as also evident from table above that out of total 44 trades between the said pair of Noticee 27 and

Noticee 30 during the IP, in all trades, it was Noticee 27 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds / less than a minute (save for one instance) at exact same price and same quantity or with marginally varying quantity.

45.2.6. I note from the table above that in all the aforesaid trades irrespective of Noticee 27 came as buyer or seller in first leg of impugned trades between Noticee 27 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 27 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 27 booking profit, in all the 44 instances of trading between the two during the IP. The total profit / loss across all squared off trades being Rs. 17.30 lacs.

45.2.7. I also note from the table above that Noticee 27 and Noticee 30 had traded between themselves across the expiries from November 2014 to December 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in the month of September to October 2014 and squared off the said positions within few days mostly within one or two trading days in the same month. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 27 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly few days, resulting in booking of loss by Noticee 30 and profit by Noticee 27.

45.2.8. As regards Noticee 27 contention that it is not found connected with any other entity including Noticee 30 and thus the allegation of execution of 44 trades as synchronized trades falls apart, I note that, as brought out in the above, it cannot be a mere coincidence that in all the 43 trades

between Noticee 27 and Noticee 30 the buy and sell orders were executed within less than a minute (i.e. 5 to 36 seconds) for exact same quantity or marginally varying quantity and at exact price in both buy and sell orders. Further, the same were squared off within the same pair of Noticee almost in a day or two mostly wherein Noticee 30 always booked profit and Noticee 27 booked profit. In view thereof, the contention of Noticee in this regard is devoid of merit and hence not acceptable.

45.2.9. In view thereof, considering that Noticee 27 and 30 had entered into 44 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within less than one minute save for one instance; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 27 who booked profit across all trades involving different contract types (CE/ PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### **46. Trades between Noticee 28 and Noticee 30 :**

46.1. It was inter alia alleged that Noticee 28 and Noticee 30 entered into synchronized trades and there was a predetermined arrangement to square off the trades and book profits and losses respectively. Further, the trades between Noticee 28 and Noticee 30 were not in sync with the movement of Nifty. It was also alleged that Noticee 28 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades were not genuine trades.

46.2. I note from material available on record that Noticee 28 and Noticee 30 entered into trades with each other in 6 contracts. The details of which are as under:



### Trades between Noticee 28 and Noticee 30:

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
12/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT. LTD.	11:50:08	11:50:12	11:50:12	1296.35	1296.35	1296.35	5250	5500	5250	5250	CE	24/04/2014	NIFTY	00:00:04
14/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	13:41:42	13:41:38	13:41:42	1345.65	1345.65	1345.65	5250	5250	5500	5250	CE	24/04/2014	NIFTY	00:00:04
24/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	10:00:16	10:00:14	10:00:16	1222.65	1222.65	1222.65	7350	7350	7350	5450	CE	24/04/2014	NIFTY	00:00:02
18/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT. LTD.	11:54:30	11:54:34	11:54:34	1059.25	1059.25	1059.25	7050	7100	7050	5550	CE	29/05/2014	NIFTY	00:00:04
20/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	11:27:40	11:27:37	11:27:40	1135.5	1135.5	1135.5	7050	7050	7150	5550	CE	29/05/2014	NIFTY	00:00:03
14/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT. LTD.	13:55:19	13:55:23	13:55:23	686.25	686.25	686.25	9550	9700	9550	7250	PE	24/04/2014	NIFTY	00:00:04
18/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	10:42:29	10:42:27	10:42:29	740.35	740.35	740.35	9550	9550	9600	7250	PE	24/04/2014	NIFTY	00:00:02
24/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT. LTD.	10:15:29	10:15:31	10:15:31	1024.35	1024.35	1024.35	8650	8750	8650	7750	PE	29/05/2014	NIFTY	00:00:02
26/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	10:57:27	10:57:24	10:57:27	1082.65	1082.65	1082.65	8650	8650	8750	7750	PE	29/05/2014	NIFTY	00:00:03
26/03/2014	COMMODITIES V D	NIRSHILP SECURITIES PVT. LTD.	11:06:50	11:06:53	11:06:53	1065.25	1065.25	1065.25	8850	8950	8850	7850	PE	29/05/2014	NIFTY	00:00:03
28/03/2014	NIRSHILP SECURITIES PVT. LTD.	COMMODITIES V D	10:25:45	10:25:43	10:25:45	1164.75	1164.75	1164.75	8850	8850	8950	7850	PE	29/05/2014	NIFTY	00:00:02

46.2.1. I note from the material available on record as also evident from the details in table above that Noticee 28 and Noticee 30 entered into 11 trades between themselves during 12.03.2014 to 28.03.2014 in various Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 28 and Noticee 30 in all 11 trades was in the range of 2 to 4 seconds.

46.2.2. To illustrate the pattern adopted by Noticee 28 and Noticee 30, for brevity, an instance of synchronized and squared off trade between Noticee 28 and Noticee 30, as pairs, as observed from analysis of trade log, as example, is given below:

46.2.3. On 24.03.2014 (first leg), Noticee 28 placed a buy order at 10:15:29 for quantity 8750 in NIFTY-7750-PE (expiry date - 29/05/2014) at price Rs.1024.35; exactly within two seconds i.e. at 10:15:31, Noticee 30 placed a sell order for quantity 8650 at the exact same price as that of Noticee 28 viz. Rs.1024.35 resulting in the orders getting executed at 10:15:31 for quantity 8650 at price Rs.1024.35. Noticee 28 and Noticee 30 squared off this trade on 26.03.2014 (second leg). On 26.03.2014, Noticee 28 placed sell order at 10:57:24 for quantity 8750 at price Rs.1082.65; after three seconds i.e. at 10:57:27, Noticee 30 placed buy

order for quantity 8650 at the exact same price as that of Noticee 8 viz. Rs.1082.65 resulting in the orders getting executed at 10:57:27 for quantity 8650 at price Rs.1082.65. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 24.03.2014 and second leg on 26.03.2014 were placed within two and three seconds respectively. Further as evident from above, the first leg of trade in NIFTY-7750-PE (expiry date - 29/05/2014) between Noticee 28 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 26.03.2014 by trading in similar synchronized manner and booking of loss by Noticee 30 and profit by Noticee 28 of Rs.5, 04,295/- respectively.

- 46.2.4. I also note from the analysis of trade data as also evident from table above that out of total 11 trades between the said pair of Noticee 28 and Noticee 30 during the IP, in all trades, it was Noticee 28 who was placing orders first which then were followed by Noticee 30 placing the counter order within few seconds /less than a minute of exact same price and same quantity or with marginally varying quantity.
- 46.2.5. I also note from the table above that in all the aforesaid trades irrespective of Noticee 28 came as buyer or seller in first leg of impugned trades involving square off between Noticee 28 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 28 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 28 booking profit, in all the 11 instances of trading between the two during the IP. Total profit/ loss across all 11 trades being Rs. 36.80 Lacs.
- 46.2.6. I note from the table above that Noticee 28 and Noticee 30 had traded between themselves across the expiries from April 2014 to May 2014 in Nifty index options contracts. However, they took positions in respective Nifty index options contracts in earlier months of the respective expiry month and they squared off the said positions within just one or two trading days. For example, in the months of March 2014, they took positions in put and call options of different strike rates of Nifty index

options for expiry date of 24.04.2014 and 29.05.2014 and squared off the same within few days mostly within one or two trading days. Likewise, in all the aforesaid instances, they took position in Nifty index options contracts and squared off their positions one or two months before the actual expiry month, in all the trades. Even when Noticee 30 knew that it is going to book loss after squaring off its position, it did not wait till expiry and booked loss immediately within few trading days. The said repetitive pattern of trading evidently points to abnormal trading behavior by Noticee 28 and Noticee 30 and their premeditated arrangement to enter into trades in Nifty index options contracts and thereafter square off the same within short period of time, mostly within few days, resulting in booking of loss by Noticee 30 and profit by Noticee 28.

46.2.7. In this regard, I also note that the Noticee 28 vide letter dated September 27, 2023 submitted that '*...With reference to the above, we have done trade in the market, kindly stop proceedings against us...'*... I note that nothing on merit had been submitted by Noticee 28 as such.

46.2.8. In view thereof, considering that Noticee 28 and 30 had entered into 11 trades in Nifty Index Options Contracts involving squared off trades; that in all trades which were squared off, the buy and sell orders were placed within a minute; that all the first leg trades were squared off within just few days despite expiry of contract being 1-2 months away; that in all the square off trades, it was Noticee 30 who booked losses and Noticee 28 who booked profit across all trades involving different contract types (CE/PE), different strike prices, different expiries; the synchronization and squaring off of trades cannot be a just a mere coincidence. Such a pattern is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

#### **47. Trades between Noticee 29 and Noticee 30 :**

- 47.1. It is noted from material available on record that it was inter alia alleged that Noticee 29 and Noticee 30 entered into synchronized trades and there was a predetermined arrangement to square off the trades and book profits and losses respectively. Further, the trades between Noticee 29 and Noticee 30 were not in sync with the movement of Nifty. It was also alleged that Noticee 29 and Noticee 30 were not trading in the normal sense and ordinary course, thus the trades were not genuine trades.
- 47.2. In this regard, I note that Noticee 29 traded with Noticee 30, as pairs, in similar manner as has been brought out earlier in respect of other Noticees i.e. Noticee 1 to 28, wherein Noticee 30 consistently always booked loss and other Noticees i.e. Noticee 1 to 28, consistently booked profit. The details of trades between Noticee 29 and Noticee 30, as noted from material available on record, are as under:

Trades between Noticee 29 and Noticee 30:

Trade_date	Buy_client_name	Sell_client_name	Bord_time	Sord_time	Trd_time	Trd_price	Bord_price	Sord_price	Trd_qty	Bord_qty	Sord_qty	Strike_price	Option	Expiry_date	Symbol	Trd_diff_buy_sell_ord
07/03/2014	AMRUTBHAI NATHABHAI DARJI	NIRSHILP SECURITIES PVT LTD	14:00:13	14:00:44	14:00:44	1012.35	1012.35	1012.35	3450	3750	3450	7650	PE	24/04/2014	NIFTY	00:00:31
11/03/2014	NIRSHILP SECURITIES PVT. LTD.	AMRUTBHAI NATHABHAI DARJI	11:07:34	11:07:31	11:07:34	1144.4	1144.4	1144.4	3450	3450	3500	7650	PE	24/04/2014	NIFTY	00:00:03

- 47.2.1. I note from the material available on record as also evident from the details in table above that Noticee 29 and Noticee 30 entered into 2 trades on 07.03.2014 and 11.03.2014 in Nifty index options contracts involving different contract types (CE/ PE), different strike prices, different expiries etc. I also note that the time difference between buy and sell orders of Noticee 29 and Noticee 30 was in the range of 3 to 31 seconds.
- 47.2.2. In this regard, the instance of synchronized and squared off trades between Noticee 30 and Noticee 1, as pairs, as observed from analysis of trade log, are being discussed as under:
- 47.2.3. On 07.03.2014 (first leg), Noticee 29 placed a buy order at 14:00:13 for quantity 3750 in NIFTY-7650-CE (expiry date - 24/04/2014) at price Rs.1012.35; exactly within thirty-one seconds i.e. at 14:00:44, Noticee 30 placed a sell order for quantity 3450 at the exact same price as that of

Noticee 29 viz. Rs.1012.35 resulting in the orders getting executed at 14:00:44 for quantity 3450 at price Rs.1012.35. Noticee 2 and Noticee 30 squared off this trade on 11.03.2014 (second leg). On 11.03.2014, Noticee 29 placed sell order at 11:07:31 for quantity 3500 at price Rs.1144.4; after three seconds i.e. at 11:07:34, Noticee 30 placed buy order for quantity 3450 at the exact same price as that of Noticee 28 viz. Rs.1144.40 resulting in the orders getting executed at 11:07:34 for quantity 3450 at price Rs.1144.40. It is thus evident from the above that the trades were synchronized in so far as the buy and sell orders in the first leg on 07.03.2014 and second leg on 11.03.2014 were placed within thirty-one and three seconds respectively. Further as evident from above, the first leg of trade in NIFTY-7650-CE (expiry date - 24/04/2014) between Noticee 29 and Noticee 30 was squared off by said pair of Noticee's between themselves within just two trading days viz., on 11.03.2014 by trading in similar synchronized pattern and booking of loss and profit by Noticee 30 and Noticee 29 of Rs.4, 55,572.5 respectively.

47.2.4. I also note from the analysis of trade data as also evident from table above that out of total 2 trades between the said pair of Noticee 29 and Noticee 30 during the IP, in both the trades it was Noticee 29 who was placing orders first which then were followed by Noticee 30 placing the counter order within few 03 and 31 seconds, of exact same price but with marginally varying quantity. I also note that it was only Noticee 29 and Noticee 30 who traded in NIFTY-7650-CE (expiry date - 24/04/2014) during the IP.

47.2.5. I also note from the table above that in all the aforesaid trades irrespective of Noticee 29 came as buyer or seller in first leg of impugned trades involving square off between Noticee 29 and Noticee 30, the trades had been entered into in a manner so that Noticee 30 had bought high and sold low while Noticee 29 had bought low and sold high thereby resulting in Noticee 30 booking loss and Noticee 29 booking profit. Total profit/ loss in the 2 trades being Rs. 455572.5.

47.2.6. Noticee 29 contended that the SCN records that the low of Nifty was 6413 on March 7, 2014. The trade took place at Rs. 1012.35. The Noticee squared off the transaction on March 11, 2014 and the high of Nifty on that day was 6562 i.e. an increase of 149 points. Because of the rise in Nifty, price increased to Rs. 1144.4. 149 points increase in index can easily result in increase of option price by Rs. 132 and therefore no fault can be found with the transaction.

In this regard, firstly, as regards the comparison drawn by Noticee 29 regarding price of options, I am of the view that the same is out of context in so far as it had compared the difference between low of Nifty on one day and high of Nifty on other day which may not give the correct picture. Secondly, I note that in the trades of Noticee 29 with Noticee 30 as brought out above, both the trades were synchronized and squared off between same set of Noticees wherein in both the trades it was Noticee 30 who placed the order after Noticee 29's order thereby resulting in the trade. Further, pursuant to the square off, it was Noticee 30 who booked loss and Noticee 29 who booked profit. It is noted from material available on record that no such pattern was observed in other trades of Noticee 29 with entities other than Noticee 30. In view thereof, the contentions of the Noticee 29 in this regard, is devoid of merit and hence not acceptable.

47.2.7. In view thereof, considering that Noticee 29 and 30 had entered into 2 trades in Nifty Index Options Contracts involving squared off trades; that in both the trades which were squared off, the buy and sell orders were placed within a minute; that the first leg trade was squared off within just few days despite expiry of contract being 1-2 months away; that in the square off trades, it was Noticee 30 who booked loss and Noticee 29 who booked profit and that similar pattern of trade was observed in respect of other pairs of Noticee 1 to 29 and Noticee 30; the synchronization and squaring off of trades between Noticee 29 and Noticee 30 cannot be a mere coincidence. This is indicative of said pair of Noticees having entered into trades with premeditated arrangement and therefore such trades would be non-genuine trades.

48. In view thereof, I note that Noticee 1 to Noticee 30 had traded in pairs with each of Noticee 1 to 29 on one side and Noticee 30 on other side in illiquid nifty options involving different contract types (CE/ PE), different strike prices, different expiries etc. The said trades amongst different pairs of the Noticees were synchronized in nature in so far as almost in all trades, one of the Noticee amongst the pair placed his/its order first, followed by the other Noticee in the pair, in close proximity of time, placing his/ its order mostly within few seconds /less than a minute at exact same price as that of the initial order, resulting in same getting executed and the first leg of the squared off trades gets executed. In the second leg, the trades were structured in a manner such that one of the Noticee being part of the pair of Noticees 1 to 29 and 30 would invariably place order with equivalent or marginally varying quantity to the quantity traded in the first leg between the same pair, thereby resulting in squaring off of the trades within few days and without waiting for expiry in any of the open positions across the impugned trades during the IP despite the trades involving different Noticees /different contracts types (CE / PE) /diverse strikes and /or expiry. I also note that the trades by the pairs i.e. Noticee 30 and Noticee 1 to 11 were so structured and entered into that Noticee 30 would book losses and Noticee 1 to 11 each would book profit irrespective of the trades involving different Noticees /different contracts types (CE / PE) /diverse strikes and /or expiry.

I also note that even when the squared off trades involved multiple trades on either the first leg or second leg, the second leg of the square off trades was structured in a manner that irrespective of Noticee 30 being on buy or sell side, the trades were executed at a price so that Noticee 30 ended up buying high and selling low so as to result in booking of loss by Noticee 30 and such a pattern existed in respect of not just with one of the Noticee's but across all the Noticee's 1-29, across all the contracts involving different expiry, different strikes, different type (viz., CE /PE) across the entire IP involving impugned trades. I note from material available on record that Noticee 30 booked total loss of Rs. Rs. 89, 04, 16,148/- across all its impugned trades with Noticee 1 to 29.

Such a unique pattern of having entered into unidirectional positions involving synchronized trades with such trades having been executed in illiquid contracts and squared off between the same set of entities after a gap of few trading days is reflective of nothing but predetermined arrangement to square off the trades and book loss /profit by Noticee 30 and Noticee's 1-29 respectively and accordingly said Noticees were not trading in the normal sense and ordinary course and such trades were non-genuine trades.

Further, Noticee 1 to 11 and Noticee 30 also entered into self-trades, as brought out in the foregoing. Such pattern by each of Noticee 1 to 11, involving precise orders placement as buyer and seller simultaneously in terms of proximity of time, quantity and price of the orders as explained in the foregoing, to execute self trades, when seen in backdrop of Noticees having entered into trades with Noticee 30 and thereafter squaring off the same within few days in a predetermined arrangement involving entering into unidirectional positions with buy low sell high and Noticee 30 as counterparty having bought high and sold low all throughout the impugned trades and that such a pattern of having entered into unidirectional positions was observed in respect of the pairs between Noticee 1-29 and Noticee 30, evidently points to such trades having been entered into not in normal sense and being non-genuine and reflective of abnormal trading behavior by Noticee 1 to 11 with a view to execute self-trades resulting in creation of misleading appearance of trading in illiquid NIFTY option contracts through such self- trades. I note that Noticee 1 to 11 had entered into self trades for a total quantity of 751900 amounting to Rs. 814121246.5 in terms of value.

In this regard, reliance is placed on the judgment dated February 8, 2018 of Hon'ble Supreme Court in the matter of SEBI v Rakhi Trading Private Limited (CA Nos. 1969, 3174-3177 and 3180 of 2011), in which the Hon'ble Supreme Court had inter alia held 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.....”.*

I also place reliance on the Hon'ble Securities Appellate Tribunal order dated September 14, 2020 in the matter of Global Earth Properties and Developers Pvt. Ltd. wherein Hon'ble SAT had inter alia relied upon the aforesaid judgment 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 ....”*

49. In view thereof, I hold that the allegation that Noticee 1 to 30 were involved in predetermined arrangement to square off the trades and book losses /profits, thus creating non-genuine trades and that Noticees 1 to 11 and Noticee 30 created misleading appearance of trading in illiquid NIFTY option contracts through self- trades, stands established. Therefore, I hold that Noticee 1 to 30 have violated section 12A(a)(b)(c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

**Alleged violation in respect of Noticee 31 to 36 regarding colluding with clients to execute predetermined trades to square off the trades and book profits/ losses, thus creating not genuine trades.**

50. I note from the material available on record that the brokers Noticee 33, Noticee 34 and Noticee 35 were connected with the Noticees in Group 1:
- 50.1. Noticee 1 and Noticee 2 who are part of Group 1 were directors in Noticee 33.
  - 50.2. Noticee 1 and Noticee 11 who are part of Group 1 were directors in Noticee 34.
  - 50.3. Mr. Vaibhav Pankaj Shah, son of Noticee 11 was director of Noticee 35.
51. It was alleged that all the non-genuine and fictitious trades carried out by the entities in Group 1 (viz. Noticees 1 to 11 and Noticee 30) were placed through the three aforementioned brokers i.e. Noticees 33, 34 and 35. Noticees 1 to 11 carried out 262 square-off trades with Noticee 30, where in Noticee 33, 34 and 35 were brokers on both sides of trades squared off i.e. 524 trades. Noticee 33 executed 137 trades, Noticee 34 executed 206 trades and Noticee 35 executed 181 trades.
52. I note from material available on record that Chintan Pranal Shah, Kamal Pranal Shah, Pranal Bhailal Shah and Rasilaben Pranal Shah were directors of Noticee 31. Noticees 12, 13, 15 and 18 are part of Group 2. The trades of entities in Group 2 (viz. Noticees 12 to 18) were placed through Noticee 31. It was alleged that Noticees 12, 13, 15 and 18 executed 90 non-genuine square-off trades with Noticee 30 wherein Noticee 31 was broker for them.
53. I also note from the material available on record that Nagji Keshavji Rita was director of Noticee 32 from June 22, 1995 to August 04, 2018, i.e. he was director of Noticee 32 during the investigation period (January 01, 2014 to January 01, 2015). The trades of entities in Group 3 (viz. Noticees 19 to 23) were placed through Noticee 32. It was alleged that they executed 12 non-genuine square-off trades with Noticee 30 wherein Noticee 32 was their broker.
54. I note from the material available on record that Noticee 25 and its broker Noticee 36 had common director Mr. Sunil Modi. Mr. Sunil Modi was director of

Noticee 36 during the period April 26, 2002 to February 01, 2018 and director of Noticee 25 from October 23, 1987 till April 01, 2021. It was alleged that Noticee 25 has executed 52 non-genuine square-off trades with Noticee 30 wherein Noticee 36 was broker of Noticee 25.

55. It was alleged that the some of the aforesaid Noticees and their relatives being directors to the Brokers (Noticees 31 to 36), as brought out above i.e. Noticee 12,13, 15 and 18 were directors of Noticee 31; Noticee 1 and 2 were directors of Noticee 33, Noticee 1 and 11 were directors of Noticee 34, Mr. Vaibhav Pankaj Shah (son of Noticee 11) was director of Noticee 35, and Noticee 25 and Noticee 36 having common director, it was not possible that the Directors of the broking entity placed non-genuine and fictitious trades without the knowledge of the respective broking entity. Hence, it was alleged that the aforementioned brokers had colluded with the clients and knowingly executed the non-genuine and fictitious trades. It was also alleged that the aforementioned brokers aided and facilitated the Noticees in a deliberate attempt to manipulate the market by using exchange trading platform. Further, the aforementioned brokers had not carried out the necessary due diligence and compliance with statutory requirements while dealing with the client in terms of Clause A (1), (2), (3) (4) and (5) of Code of Conduct as specified in Schedule II under regulation 9(f) of SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.
56. In this regard, Noticee 31 contended that the Noticee had merely acted in its capacity as the broker of its clients and executed the trades on their instructions. The clients named in the Notice, four of whom are the Directors of the Noticee, have acted in their individual capacity while instructing the Noticee to execute the trades and that the trades in question were executed by the Noticee on the instructions of its clients devoid of any connection with the respective counter parties. There was no nexus or consensus between the Noticee and the counter-parties, which is a necessary pre-requisite for any allegation of synchronization of trades and that the Noticee only acted as a broker and carried out the trades on the directions of its clients which it ought to.

57. In this regard I note that as already established in the foregoing that Group 2 had executed 90 non-genuine square-off trades with Noticee 30. It is noted that in all these trades, Noticee 30 was the broker for Noticees of Group 2. As regards connection, it is noted that Noticees 12, 13, 15 and 18 were directors in Noticee 31 when these trades were executed. I note that considering the attending circumstances that the directors of the Noticee 31 had repeatedly engaged in trades which were synchronized with the same counter party being Noticee 30 and subsequently reversed between the same pair of Noticees i.e. Group 2 and Noticee 30 as pairs, as brought out in the foregoing, it reflects upon the conduct of Noticee 31 as Broker to the non-genuine trades of its clients. In view thereof, the contentions of the Noticee 31 are devoid of merit and hence cannot be accepted.

In this regard, reliance is also placed on order of The Hon'ble Securities Appellate Tribunal in the matter of Galaxy Broking Limited. Vs SEBI (Order dated January 29, 2010) wherein it was inter-alia held that:

‘...  
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.  
...’

58. In this regard, Noticee 32 contended that Nagji Keshavji Rita was a director of Noticee 32, however, he does not form part of Group 3. The entire basis for allegations against Noticee 32 is that its director formed part of Group 3 entities and Group 3 entities, who placed trades through Noticee 32, executed 12 non-genuine square-off trades with Noticee 30. Since Nagji Keshavji Rita is not part of Group 3 entities as can be observed in the SCN itself, the allegations qua the Noticee 32 do not sustain.

In this regard, I note from material available on record and as already established in the foregoing that Group 3 had executed 12 non-genuine square-off trades with Noticee 30. In this regard, I note that Noticee 32 viz., Inventure

Growth & Securities Limited was broker of Noticees in Group 3 and all such non- genuine trades of Group 3 were placed through Noticee 32. I take note that Nagji Keshavji Rita was not part of Group 3, however, it would not be appropriate to say that the allegation qua Noticee 32 do not sustain merely because of this one aspect. It cannot be ignored that Noticee 32 was broker of all the Noticees of Group 3. In view thereof, the contention of the Noticee in this regard is devoid of merit and hence cannot be accepted.

59. Noticee 32 contended that merely because the Noticee 32 was the broker of entities allegedly involved in execution of fictitious trades, it cannot be held liable for acts of such entities. Since the entities were not even counter parties to trades of each other, the Noticee 32 could not have any knowledge of any scheme of manipulation by the Group 3 entities. Noticee 32 merely executed transactions for its clients in usual course of business. Group 3 entities who traded through Noticee 32 are alleged to not have traded amongst themselves but with Noticee 30 to the SCN whose broker is not the Noticee 32. The Noticee 32 cannot be said to have been aware of the trades being placed by Noticee 30. The SCN does not establish how the Noticee 32 colluded with the Group 3 entities or had knowledge of fictitious trades executed by the Group 3 entities.

In this regard, I am of the view that it cannot be a mere coincidence that multiple clients of the same Broker enter into multiple trades with same counter party i.e. Noticee 30 across the IP in different Nifty Options Contracts involving multiple expiries, option types and strike prices. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence cannot be accepted.

60. Noticee 32 contended that it had complied with all the statutory requirements and carried out reasonable diligence on trades carried out using its services. Since the purported fictitious trades were screen based trades and with an entity whose account was not with the Noticee 32, finding any suspicious activity therefrom would not be reasonably possible. If the Noticee 32 had not executed trades of the client, under the statutory laws, it would have in fact become liable

to its client for not complying with client instructions when the client was compliant with necessary margin requirements. Such purported trades were only found fictitious after 7 - 8 years of execution of trades and that too pursuant to extensive investigation by SEBI into trades executed by 30 entities, none of whom are related to the Noticee. In this regard Noticee 32 relied upon judgment of Hon'ble Supreme Court in the matter of Chander Kanta Bansal Vs. Rajender Singh Anand (2008 (5) SCC 117).

In this regard, I note from the PAN card copy of Vaibhav Nagji Rita (Noticee 20) that his father's name is mentioned as Nagji Keshavji Rita. Therefore, although Nagji Keshavji Rita does not form part of Group 3, but his son i.e. Noticee 20 was part of Group 3. Further, Noticee 20 not denied his alleged connection with Noticee 32 in his submissions to the SCN. I also note from the annual report of Noticee 32 for FY 2013-2014 that Noticee 20's name was mentioned in related party disclosures as relative of director and in the same annual report it is mentioned that Nagji Keshavji Rita was chairman & managing director of Noticee 32. In view of the above, I note that Noticee 20 was related to Noticee 32 and being part of Group 3, connected/related with other Noticees of Group 3. Other Noticee's of Group 3 viz. Noticees 19, 21, 22 and 23 were admittedly connected with each other as family members. I also note that connection among Group 3 Noticees were established on the basis of common email ID, common phone number, fund transfers etc. It is established that Noticee 32 was directly/indirectly connected with Group 3 Noticees and all the Group 3 Noticees viz. Noticee 19 to 23 traded through Noticee 32 being their common broker. As already dealt with and established in the foregoing, trading pattern of Noticees 19 to 23 in Illiquid Nifty Options during IP was similar, as they entered into synchronized trades with same counterparty i.e. Noticee 30 and they always booked a profit and Noticee 30 book loss while trading in total 6 contracts of illiquid Nifty Options. The said trades were executed in predetermined arrangement so that one party books profit and other books losses with significant price difference irrespective of actual price movement of underlying and therefore, the impugned trades were non-genuine trades.

61. Noticee 32 also contended that it had not dealt in any securities. In this regard, it relied upon judgment of Hon'ble Supreme Court in Securities and Exchange Board of India v. Rakhi Trading Private Limited (2018) 13 and judgment of Hon'ble SAT in Price Waterhouse and Co. v. SEBI (appeal no. 6 of 2018, dated 09.09.2018).

In this regard, I note that in the instant case, Noticee 20 (client) is related to Noticee 32 (broker) and Noticees 19, 21, 22 and 23 (other clients traded through same broker) were connected to each other as family members and connected to Noticee 20. As already dealt with and established in foregoing that Noticees 19 to 23 and Noticee 30 had entered into non-genuine trades amongst themselves. Noticees 19 to 23 had entered into 6 contracts with Noticee 30 worth Rs. 6.11 crore and booked profit of Rs.41.81 Lakhs, while Noticee 30 always booked loss. I note that Noticees 19 to 23 executed the said trades through connected /related broker i.e. Noticee 32 and Noticee 30 had executed the trades through its related/connected three brokers viz. Nirpan Securities Pvt. Ltd., Dolat Capital Market Pvt. Ltd. and Vaibhav Stock & Derivatives Broking Pvt. Ltd, which cannot be a mere coincidence.

62. I note that in the instant case Noticees 1 to 23, 25 and 30 executed non-genuine trades only through their respective related/connected brokers viz. Noticees 31 to 36. The brokers of Noticees 1 to 23, 25 and 30 were as under:

Noticee No.	Group	Client Name	Broker Name
1	Group 1	RAJENDRA D. SHAH	Nirpan Securities Pvt. Ltd.
2		HARENDRA D. SHAH	Dolat Capital Market Pvt. Ltd.
3		DHAVAL R. SHAH	Vaibhav Stock & Derivatives Broking Pvt. Ltd.
4		SHAILESH D. SHAH	
5		SHILPA R. SHAH	
6		H. D. Shah (HUF)	
7		P. D. SHAH (HUF)	
8		R.D.SHAH HUF	
9		VAIPAN SECURITIES PVT. LTD.	
10		S. D. Shah (HUF)	

Noticee No.	Group	Client Name	Broker Name
11		PANKAJ D. SHAH	
30		Nirshilp Securities Pvt. Ltd.	
12	Group 2	CHINTAN P. SHAH HUF	Jambuwala Capital Services Private Limited
13		KAMAL P. SHAH HUF	
14		HETAL C. SHAH	
15		PRANLAL B. SHAH HUF	
16		NEHA K. SHAH	
17		HEMANG D. SHETH	
18		RASILABEN P. SHAH	
19	Group 3	CHANDRIKA DHARMENDRA GADA	Inventure Growth & Securities Limited
20		VAIBHAV NAGJI RITA	
21		PUNAIBEN MANILAL GADA	
22		NEHA PRAVIN GADA	
23		GOMTIBEN THAKARSHI GADA	
25		MODISONS COMMERCIAL PVT LTD	Keshav Securities Pvt Ltd

63. I note that in almost all these trades of Noticees 1 to 23, 25 and 30, same trading pattern was observed:

- 1) Noticees 1 to 23, 25 and 30 had traded in illiquid nifty options contracts.
- 2) Counterparty to all these trades of Noticees 1 to 23, 25 and 30 was common i.e. Noticee 30.
- 3) In these trades, Noticee 30 always booked loss, while Noticees 1 to 23, 25 and 30 always booked a profit.
- 4) Almost all these trades were synchronized in nature.
- 5) The trades of Noticees 1 to 23, 25 and 30 were squared off with the same counterparty being Noticee 30 within one or two trading days.
- 6) Noticees 1 to 23, 25 and 30 had executed these trades only through their connected/related brokers.

64. Considering the foregoing, I am of the view that the instant case differs from relied upon case by Noticee 32 viz. SEBI Vs. Rakhi Trading Pvt Ltd in so far as the trading pattern of Noticees 1 to 23, 25 and 30 and their connection/relation with their respective brokers viz. Noticees 31 to 36 clearly establishes that the execution of these trades were non-genuine trades considering proximity of



time, quantity and price the orders as brought out above. Such trades would not have been executed without the knowledge and collusion of the said brokers, especially when the Noticees 1 to 23, 25 and 30 had traded only through these connected brokers. This evidently points to deliberate attempt by Noticees 31 to 36 to manipulate the market by aiding and facilitating the execution of such non-genuine trades by Noticees 1 to 23, 25 and 30. As per Stock Brokers Regulations, a stock broker shall maintain high standards of integrity and fairness in the conduct of all his business, should exercise of due skill and care, and should not indulge in manipulative, fraudulent or deceptive transactions or in any kind of malpractices to create false market either singly or in concert with others. The broker should exercise diligence in the conduct of all his business and comply with statutory requirements. Therefore, from the foregoing, it is also established that Noticees 31 to 36 had not carried out the necessary due diligence and compliance with statutory requirements while dealing with their respective clients viz. Noticees 1 to 30.

65. In view thereof, the allegation in respect of Noticees 31 to 36 that they had colluded with clients to execute predetermined trades to squared off the trades and book profits/ losses, thus creating not genuine trades, stands established. Therefore, I hold that Noticee 31 to 36 violated Section 12A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), Regulation 4(1) and 4(2)(a) of PFUTP Regulations and clause A (1), (2), (3), (4) and (5) of Code of Conduct as specified in Schedule II under regulation 9(f) of Stock Brokers Regulations.

**Issue No. II** If yes, whether the failure on the part of the Noticees would attract monetary penalty under Section 15HA and 15HB of the SEBI Act, as applicable?

**Issue No. III** If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the

**factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?**

66. It has been established in the foregoing paragraphs that Noticees 1 to 36 have violated provisions of PFUTP Regulations and Noticees 31 to 36 have violated provisions of Code of Conduct as specified in Schedule II under regulation 9(f) of Stock Brokers Regulations.
67. In this regard, it is noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia 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...."*
68. Therefore, for the established violation, as brought out in the foregoing paragraphs, I find that Noticees 1 to 36 are liable for monetary penalty under section 15HA of the SEBI Act and Noticees 31 to 36 are liable for monetary penalty under section 15HB of the SEBI Act, 1992 which reads as under:

**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.*

***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.*

69. As regards penalty, Noticees 1 to 11, 26, 30 and 33 to 35 contended that a major part of the trades had taken place prior to September 08, 2014, at the relevant time when there was no minimum penalty prescribed for the violation of PFUTP Regulations under the SEBI Act. The amendment to Section 15HA of the SEBI Act prescribing a minimum penalty of Rs. 5, 00,000 was only inserted by the Securities Laws (Amendment) Act, 2014, which came into force on September 08, 2014. Further, they stated that there are several orders of Adjudicating

Officers where after giving the finding that there was violation of PFUTP Regulations, for the period before/prior to September 08, 2014 (the amendment), nominal penalties as low as Rs. 10,000/- have been levied. In this regard, they relied upon certain adjudicating orders viz., Adjudication Order dated April 13, 2022 in respect of Ashok Kumar Rajgaria HUF in the matter of Illiquid Stock Options BSE; Adjudication Order dated January 28, 2022 in the matter of Era Infra Engineering Limited; Adjudication Order dated April 20, 2010 in respect of M/s Jeet Securities in the matter of Gujarat Hotels and Other Scrips.

In this regard, firstly, I am of the view that each case may be unique in its own facts and circumstances and upon establishment of violation, penalty is attracted and arrived at accordingly. Any generic parallel drawn would be devoid of merit, as facts and circumstances of the instant proceedings have to be taken into account to arrive at the amount of penalty.

I note that the amendment to Section 15HA of the SEBI Act prescribing a minimum penalty of Rs. 5, 00,000 was inserted by the Securities Laws (Amendment) Act, 2014, which came into force on September 08, 2014. In this regard, I note from material available on record that the impugned trades of Noticee 4, 6,7,8,10,11,19 to 23, 24, 28 and 29 were executed prior to September 08, 2014 i.e. the date from which the amendment as regards minimum penalty under Section 15HA of SEBI Act, 1992 came into effect. In this regard, I take note of Adjudication Order dated April 13, 2022 in respect of Ashok Kumar Rajgaria HUF in the matter of Illiquid Stock Options BSE; Adjudication Order dated January 28, 2022 in the matter of Era Infra Engineering Limited; Adjudication Order dated April 20, 2010 in respect of M/s Jeet Securities in the matter of Gujarat Hotels and Other Scrips wherein the violations pertained to period prior to September 08, 2014 and the penalty was adjudged and levied as per the provisions of law prior to September 08, 2014. Accordingly, I am of the view that for the established violations in respect of Noticees 4, 6,7,8,10,11,19 to 23, 24, 28 and 29, penalty would be attracted under Section 15HA of SEBI

Act, 1992 as was prior to September 08, 2014 and for the established violations in respect of remaining Noticees viz, 1,2,3,5,9,12 to 18, 25, 26, 27, 30, 31 to 36 whose impugned trades extend to the period post amendment, penalty would be attracted as per provisions of section 15HA of the SEBI Act, 1992 post amendment.

70. Noticees 1 to 11, 26, 30 and 33 to 35 also submitted to impose joint and several penalty on them. In this regard, they cited Orders of SEBI Adjudicating Officers viz., AO Order dated December 24, 2020 in the matter of Viji Finance Ltd; AO Order dated September 3, 2020 in the matter of Financial Credit & Guarantee Company Ltd.

In this regard, I note that each of the Noticee 1 to 29, entered into synchronized and squared off trades with Noticee 30 wherein Noticee 1 to 11 and Noticee 30 also carried out self trades, as brought out in the foregoing. Further, having regard to the facts and circumstances of the instant matter, the nature of violations involved, wherein Noticee 30 booked losses and each of Noticee 1 to 29 booked profit separately, and that certain of the Noticee as brought out above are repeat offenders, in my view, the request of Noticee in this regard are devoid of merit and hence cannot be accepted.

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

“

.....

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

**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.

.....

”

72. In the instant case, I note that the material available on record does not quantify any disproportionate gain or unfair advantage or consequent loss caused to

investors or profit made by the Noticees as a result of the violations committed by the Noticees. Further, as regards violations committed by the Noticees being repetitive in nature, I note from material available on record and also from SEBI website that penalty had been imposed in respect of Noticee 30 in Adjudication order dated December 03, 2018 in the matter of AGC Networks Ltd of Rs. 10,00,000/- under Section 15HA of Sebi Act, 1996; in respect of Noticee 32 in Adjudication order dated December 23, 2021 in the matter of Inventure Growth and Securities Ltd of Rs. 4,00,000/- under Section 23D of the SCRA, 1956, in Adjudication order dated February 26, 2018 in the matter of GFL Financials Limited of Rs. 9,00,000/- under Section 23H of SCRA, 1956 and 15A(b) of the SEBI Act, 1992, and in Adjudication order dated February 23, 2018 of Rs. 1,00,000/- under section 15HB of the SEBI Act, 1992; also penalty had been imposed in respect of Noticee 33 in Adjudication order dated December 03, 2018 in the matter of AGC Networks Ltd. of Rs. 5,00,000/- under Section 15HB of the SEBI Act, 1992.

In this regard, I also note from material available on record that impugned trades in respect of certain Noticees, as brought out in the foregoing paragraphs, were executed prior to September 08, 2014 (date of effect of amendment of Section 15HA of SEBI Act, 1992 with regard to minimum penalty). However, I cannot ignore that in the instant case and as dealt with in the foregoing it has been established that the trading pattern by the Noticees inter alia involved repeat squaring off of impugned trades within few days and booking of losses all throughout the IP by one of the Noticees. Such a pattern of premeditatedly booking of loss all throughout is reflective of irrational trading behavior. Such trading behavior involving diverse pairs, diverse contract types, expiries, strikes etc., is nothing but non genuine trades when viewed in backdrop of the fact that one of the Noticee viz., Noticee 30 amongst the Noticees had booked losses all throughout the impugned trades. Such violations on part of the Noticees, as in the instant matter, may have a bearing on the integrity of the securities market and confidence of the investors and accordingly needs to be dealt with suitably.

## E. ORDER

73. After taking into consideration the facts and circumstances of the instant 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 1992 read with Rule 5 of the Adjudication Rules, I hereby impose the following penalty, as per table below, on the Noticees for the aforementioned violations, as discussed in this order. In my view, the said penalty is commensurate with the violation committed by the Noticees in this case.

<b>S. No.</b>	<b>Name of the Noticees</b>	<b>Penalty under Section</b>	<b>Penalty Amount (in Rs.)</b>
1.	Rajendra D. Shah (PAN: AAFPS1910E)	Section 15HA of the SEBI Act, 1992	Rs.6,00,000 (Rupees Six Lakhs Only)
2.	Harendra D. Shah (PAN: AAFPS1912G)	Section 15HA of the SEBI Act, 1992	Rs.6,00,000 (Rupees Six Lakhs Only)
3.	Dhaval R. Shah (PAN: AALPS8650D)	Section 15HA of the SEBI Act, 1992	Rs.6,00,000 (Rupees Six Lakhs Only)
4.	Shailesh D. Shah (PAN: AAFPS1911F)	Section 15HA of the SEBI Act, 1992	Rs.1,20,000 (Rupees One Lakh and Twenty Thousand Only)
5.	Shilpa R. Shah (PAN: AAQPS0181A)	Section 15HA of the SEBI Act, 1992	Rs.6,00,000 (Rupees Six Lakhs Only)
6.	H. D. Shah (HUF) (PAN: AAAHH2698B)	Section 15HA of the SEBI Act, 1992	Rs.1,20,000 (Rupees One Lakh and Twenty Thousand Only)
7.	P. D. Shah (HUF) (PAN: AAAHP5494B)	Section 15HA of the SEBI Act, 1992	Rs.1,20,000 (Rupees One Lakh and Twenty Thousand Only)
8.	R. D. Shah (HUF) (PAN: AAAHR7330G)	Section 15HA of the SEBI Act, 1992	Rs.1,20,000 (Rupees One Lakh and Twenty Thousand Only)
9.	Vaipan Securities Pvt. Ltd. (PAN: AABCV2295C)	Section 15HA of the SEBI Act, 1992	Rs.6,00,000 (Rupees Six Lakhs Only)

<b>S. No.</b>	<b>Name of the Noticees</b>	<b>Penalty under Section</b>	<b>Penalty Amount (in Rs.)</b>
10.	S. D. Shah (HUF) (PAN: AABHS0577B)	Section 15HA of the SEBI Act, 1992	Rs.1,20,000 (Rupees One Lakh and Twenty Thousand Only)
11.	Pankaj D. Shah (PAN: AAFPS1913H)	Section 15HA of the SEBI Act, 1992	Rs.1,20,000 (Rupees One Lakh and Twenty Thousand Only)
12.	Chintan P. Shah (HUF) (PAN: AACHC8656A)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
13.	Kamal P. Shah (HUF) PAN: AAHHK6818B)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
14.	Hetal C. Shah (PAN: BKNPS8791Q)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
15.	Pranlal B. Shah (HUF) (PAN: AADHS8403G)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
16.	Neha K. Shah (PAN: BEOPS2709K)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
17.	Hemang D. Sheth (PAN: BUHPS8746R)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
18.	Rasilaben P. Shah (PAN: ADSPS6987P)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
19.	Chandrika Dharmendra Gada (PAN: AULPG7498P)	Section 15HA of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
20.	Vaibhav Nagji Rita (PAN: ATLPR0459E)	Section 15HA of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
21.	Punaiben Manilal Gada (PAN: ATEPG4490R)	Section 15HA of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
22.	Neha Pravin Gada (PAN: AULPG7500L)	Section 15HA of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)

<b>S. No.</b>	<b>Name of the Noticees</b>	<b>Penalty under Section</b>	<b>Penalty Amount (in Rs.)</b>
23.	Gomtiben Thakarshi Gada (PAN: AULPG7499N)	Section 15HA of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
24.	Shapoor P. Mistry (ARB) (PAN: AAEPM2061M)	Section 15HA of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
25	Modisons Commercial Pvt Ltd (Modi Realty And Infra Buildcon Private Limited – Pursuant to name change) (PAN: AACCM7785M)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
26.	Nikita N Shah (PAN: AINPS6048K)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
27.	A V Commodities (PAN: AAZFA4007G)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
28.	Commodities V D (PAN: AAGFV7863C)	Section 15HA of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
29.	Amrutbhai Nathabhai Darji (PAN: ANPPD3645N)	Section 15HA of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
30.	Nirshilp Securities Pvt Ltd (Nirshilp Commodities and Trading Private Limited – Pursuant to name change) (PAN: AABCN4361M)	Section 15HA of the SEBI Act, 1992	Rs.21,00,000 (Rupees Twenty One Lakhs Only)
31.	Jambuwala Capital Services Private Limited (PAN: AACCCJ0642A)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
		Section 15HB of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)



<b>S. No.</b>	<b>Name of the Noticees</b>	<b>Penalty under Section</b>	<b>Penalty Amount (in Rs.)</b>
32.	Inventure Growth & Securities Limited (PAN: AAAIC2044K)	Section 15HA of the SEBI Act, 1992	Rs.8,00,000 (Rupees Eight Lakhs Only)
		Section 15HB of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
33.	Nirpan Securities Pvt. Ltd. (PAN: AAACN1329A)	Section 15HA of the SEBI Act, 1992	Rs.6,00,000 (Rupees Six Lakhs Only)
		Section 15HB of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
34.	Dolat Capital Market Pvt. Ltd. (PAN: AAACD1518M)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
		Section 15HB of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
35.	Vaibhav Stock & Derivatives Broking Pvt. Ltd. (PAN: AABCV8124A)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
		Section 15HB of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)
36.	Keshav Securities Pvt Ltd (PAN: AACCK2279A)	Section 15HA of the SEBI Act, 1992	Rs.5,00,000 (Rupees Five Lakhs Only)
		Section 15HB of the SEBI Act, 1992	Rs.1,00,000 (Rupees One Lakh Only)

74. The Noticees 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](http://www.sebi.gov.in) on the following path, by clicking on the payment link:

**ENFORCEMENT → Orders → Orders of AO → PAY NOW**

75. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not

limited to recovery proceedings under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

76. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995.qw

**DATE: AUGUST 30, 2024**

**PLACE: MUMBAI**

**AMAR NAVLANI**

**ADJUDICATING OFFICER**