BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Appeal No. 46 of 2014

Date of Hearing : 25.09.2014

Date of Decision : 01.10.2014

Angel Broking Private Limited
G-1, Akruti Trade Centre, Road No. 7,
MIDC Andheri (East),
Mumbai – 400 093. …Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A,
G-Block, Bandra Kurla Complex,
Mumbai – 400 051. …Respondent

Mr. Somasekhar Sundaresan, Advocate with Mr. Abishek Venkataraman and Ms. Arti Raghavan, Advocates for the Appellant.

Mr. Kumar Desai, Advocate with Mr. Pulkit Sukhramani, Advocate for the Respondent.

CORAM : Justice J. P. Devadhar, Presiding Officer
A. S. Lamba, Member

Per : A.S. Lamba

1. The present appeal has been preferred by Angel Broking Private Limited (ABPL), formerly Angel Broking Limited, (referred to hereinafter as "Appellant") against Order number BM/AO-169-170/2013 dated December 30, 2013 of Ld. Adjudicating Officer (AO), Securities and Exchange Board of India (SEBI for short), for imposition of penalty of Rs. 10 lac on ABPL under Section 15HA of Securities and Exchange Board of India Act, 1992 (SEBI Act for short) for violation of Regulation 3(a), 4(1) and 4(2)(a), (b), (e) and (g) of Securities and Exchange Board of India

(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (PFUTP Regulations for short), Rs. 10 lac on ABPL under Section 15HB of SEBI Act for violation of Regulation 7 read with Clause A(1), A(3), A(4) and A(5) of Code of Conduct for Stock Brokers under Securities and Exchange Board of India (Stock-Brokers and Sub-Brokers) Regulations, 1992 (Stock-Brokers Regulations for short) and imposition of penalty of Rs. 10 lac on AIPL under Section 15HA of SEBI Act for violation of Regulation 3(a), 4(1) and 4(2)(a), (b), (e) and (g) of PFUTP Regulations.

2. SEBI investigated trading in scrip of Sterling Green Wood Limited (SGWL or company, for short) from November 6, 2009 to December 2, 2009 (IP for short), during which price of scrip of SGWL increased from Rs. 19.80 as on November 6, 2009 to Rs. 42.50 as on December 31, 2009, with average daily volume of 69,776 shares.

3. From shareholding pattern of SGWL, it is seen that ABPL was holding more than 1% shares of SGWL as on September 30, 2009. AIPL was the holding company of ABPL; although AIPL was also acting as broker for proprietary trading account of Angel Group,-which comprised ABPL, AIPL, Angel Capital and Debt Market Limited and Angel Commodities Broking Private Limited. AIPL - a client of ABPL – was found to be executing self trades in scrip of SGWL during IP and executed 1 (one) self trade on November 30, 2009 and 3 (three) self trades on December 1, 2009 and traded 9,866 shares in these 4 self trades, where broker and counter party brokers for self-trades was ABPL. It is alleged that ABPL consciously executed self-trades for its client AIPL and hence ABPL connived with AIPL for these self trades.

4. A Show Cause Notice (SCN) was issued by Ld. AO to Appellant vide letter dated July 15, 2013 and Appellant made following relevant submissions before Ld. AO:

- Basic nature of AIPL's activity was jobbing / arbitrage, which is undertaken through a network of around 70 dealers and all these 70 dealers place orders through single client code viz. M888, while using 156 terminals.

- Regarding alleged self trades by AIPL, it has been submitted by AIPL that multiple dealers traded based on their individual outlook of market / stock and that traders buy / sell stocks based on their bullish / bearish view and it is possible that while one dealer may place buy order for a scrip, while another dealer place sell order for same scrip and hence alleged self-trades are purely coincidental and not outcome of any design and hence such trades may appear self-trades on consolidated basis, but are separate and independent trades at individual level.

- Regarding alleged self trade of November 30, 2009 in which 193 shares were matched -, it is submitted that buy trade was from terminal number 553 and sell trade from terminal no. 556; which implies jobbing activity, wherein, more than one dealer carried out this trade. It is further submitted that the two dealers had placed buy quantity at 500, while sell quantity was 400, but only 193 shares got traded and these orders were placed during "Post Closing Period", when all trades get executed at a uniform closing price and this could be no intentional or manipulated trade.

- Regarding trade of December 1, 2009, wherein 323 shares got matched and traded, BOQ for 1000 shares was placed at 10:09:34, out of which 52 got traded at Rs. 40.25 at 10:09:45 and 625 got traded at Rs. 40.25 at 10:14:43; then leaving pending order of 323 shares. Thereafter the dealer (presumably the same who had placed buy order for 1000 shares) sensed reverse price movement, placed sell order for 1000 shares at 10:23:29, believing that earlier buy order had got executed. 323 shares from previous pending buy order got matched with 323 (out of 1000) sell order, resulting in self trade, which was not fraudulent or malafide.

- In respect of balance two trades of December 1, 2009 – in which 9350 shares matched – these two trades need to be seen jointly – not separately – since three dealers using three terminals placed order for 5000 shares sale from terminal 546 at 15:06:53, order for 5000 shares from terminal no. 377 at 15:12:15; while buy order for 45,000 was placed from terminal 551 at 15:19:59, respectively. Out of buy order for 45,000 shares, 9350 got executed internally and rest got executed from market. Large time gap in three order placement may be noted.

- Fact of ABPL holding more than 1% shareholding in SGWL as on September 30, 2009, may not be taken the basis of showing relation between the two. ABPL, being a broking company, held these shares

in fiduciary capacity in pool account to met settlement obligations; hence this does not establish any connect in trading of the scrip. It has been submitted that ABPL or its associates are not, directly or indirectly, connected with SGWL.

- AIPL carried out jobbing transactions as in its normal course of business, while ABPL, as a stock broker facilitated in executing the trades on exchange platform. The alleged trades were executed at real prevailing market price and do not create misleading appearance of trading which tampers / manipulates price discovery mechanism at stock exchange. No undue gain or unfair advantage accrued to AIPL, nor, any resultant artificial volume was created as a result of trades covered by Appellant.

- Appellant was issued supplementary SCN on November 13, 2013, whereby detailed analysis or order pattern of self trades executed by Appellant on December 1, 2009 was provided, while dealing in scrip of SGWL.

5. Allegations, issues and findings against Appellant are:

- ABPL assisted AIPL in placing fictitious trades / self trades entered by AIPL, by acting as broker and counter party broker and thus failed to carry out its business with due skill, care and due diligence; hence violated provisions of regulations 3(a) read with regulation 4(1), 4(2)(a), (b), (e) and (g) of PFUTP Regulations and regulation 7 read with Clauses A(1), A(3) A(4) and A(5) of Code of Conduct for Stock-Brokers as specified in Schedule II of Stock-Brokers Regulations.

- AIPL in placing fictitious trades / self trades violated regulation 3(a) read with regulation 4(1), 4(2)(a), (b), (e) and (g) of PFUTP Regulations.

- AIPL executed 4 self-trades through ABPL on November 30, 2009 and on December 1, 2009, for 9866 shares with ABPL acting as broker and counter party broker and these 4 trades represented 7.45% and 10.20% of total buy and sell-trades in SGWL scrip, respectively, on these two days. Appellant has admitted and not disputed this allegation.

- Self-trades does not result in change of beneficial ownership and create artificial volumes in scrip, sending wrong signal to lay investors about trading in scrip.

- Supplementary SCN brought out instances of self trades of Appellant and analyzed pattern of placing order to bring out how Appellant placed orders in SGWL scrip to intentionally execute self trades, to create artificial volume, with intent to manipulate price of scrip.

- AIPL placed buy order for 1000 shares of SGWL at 10:09:34 on November 30, 2009 at Rs. 40.25 per share, which resulted into two trades (not self trades) for 677 shares, at 10:09:45 and 10:14:43 at Rs. 40.25 per share. From 10:09:44 to 10:18:06 trades in SGWL were

executed between Rs. 40.50 and Rs. 40.60, except two trades of AIPL during this time. Between 10:18:58 and 10:22:42, trade rate was between Rs. 40.50 to Rs. 40.65 and thus buy order for balance 323 shares was pending. AIPL placed sell order for 1000 shares at 10:23:39 at Rs. 40.25, when trade rate of SGWL scrip was 40.50 to 40.65 and pending quantity of 323 shares in buy order of AIPL got matched with sell order of AIPL. This trade of 323 got matched at 10:23:39 i.e. at the time of placing of sell order with balance sell order quantity of 677 shares, was cancelled. This sell order was placed by AIPL at same rate as pending buy order, notwithstanding the fact that trades during that time were happening at much higher price. Thus AIPL had placed sell order for 1000 shares in SGWL scrip only with intention to execute self trade and to create artificial volumes.

- Regarding alleged remaining 2 self trades executed by AIPL, it is stated that on December 1, 2009 at 15:06:50, AIPL placed sell order for 500 shares at Rs. 41.30, which was updated to 5000 at 15:06:52, without change of price, and subsequently order up further updated by lowering price to Rs. 41.20 at 15:07:21. After lowering of price 3 trades for 650 shares got executed from 15:07:26 to 15:08:58, leaving pending quantity of 4350 shares of sell order. Further AIPL placed another sell order for 5000 shares at Rs. 41.30 at 15:06:53. Despite pending sell order for 4350 shares, price was revised upward to Rs. 41.30 at 15:12:15. During 15:06:51 to 15:19:44; average trade price was Rs. 41.02 with no trading in SGWL scrip from 15:19:45 to 15:19:59. Subsequently at 15:19:59, AIPL placed buy order for 45,000 shares at price Rs. 41.35. Previous sell orders of AIPL were pending for execution at lower price, with volume subsequently lower than this buy order; AIPL placed buy order of large volume and price higher than the then prevailing market price – last trade price before AIPL placed this large buy order was Rs. 41.20 at 15:19:44. It is not logical to place large buy order at higher price, when sell order of lower volume is pending in the system at lower price. Due to this said large buy order of AIPL, price of scrip increased from Rs. 41.20 to Rs. 41.35 during 15:20:00 to 15:20:10. AIPL has submitted that there was substantial time gap between placement of orders and thus there was no intention to match trades. The two sell orders of AIPL were higher than the prevailing market price and were executed / matched, when this large buy order was entered by AIPL; and thus time difference between sell and buy order is not relevant, as only a buy order of higher price would have matched with pending sell orders. AIPL has submitted that these trades were carried out within very narrow price range, - which is essence of jobbing, but actual trades were contrary since AIPL sold at lower price and bought at higher price.

- Appellant submitted further to supplementary SCN that SGWL scrip reached upper circuit limit (Rs.41.35) at 15:06:21, - implying existence of market scenario of higher traded price; that 12,851 shares of SGWL were traded at 41.35 at 15:06:21 and this price continued till 15:06:41; market recorded 1,15,636 shares subsequent to hitting upper circuit limit at 15:06:21 till close of trading at 15:45:00 – which will induce many participants to trade in scrip of

SGWL, three dealers of AIPL placed three different orders at different time based on their independent positions, would have entered different price within or close to circuit limit, which was away from LTP. AIPL had position of only 25,344 shares, which was so miniscule to indulge in self trading. In response Ld. AO has stated that Appellant's order for 5000 shares at 15:06:21 at Rs. 41.35 was one of buy orders that resulted in scrip of SGWL touching upper circuit limit, when prevailing rate was lower and hence intention of Appellant was to manipulate price of SGWL scrip. Out of 12,851 shares trades at Rs. 41.35 at 15:06:21 and which price continued till 15:06:41, out of 12851 shares trades at Rs. 41.35 at 15:06:21, AIPL was on buy side for 3858 shares. Regarding continuation of this price of scrip till 15:06:41 AIPL was on buy side for 6142 shares, out of 7253 shares traded. Hence AIPL was instrumental in sustaining price of scrip at circuit limit level. Regarding market recording 1,15,636 shares, i.e. 31.34% of days total, subsequent to hitting upper circuit limit at 15:06:21, till end of market hour at 15:45:00, AIPL was on buy side for 57,642 shares i.e. 50% of market volume. Also out of 3.69 lac shares traded on December 1, 2009, AIPL was on buy side for 95,435 shares i.e. more than 25% of market volume. Further when AIPL entered orders for 45,000 shares on December 1, 2009 at 15:19:59, they had already bought 43,935 shares and sold 18,591 shares by that time on December 1, 2009; but further entered large order for 45,000 shares at circuit limit at end of market hours; which is contrary to jobbing activity – for which no net position either on buy or sell of any scrip, is pre-requisite Scrip of SGWL had fallen after trades at upper circuit limit – between 15:06:21 to 15:06:41 – to Rs. 41.02, but returned to upper circuit limit due to buy order of AIPL for 45,000 shares at Rs. 41.35 at 15:19:59. Thus trades of AIPL, executed by ABPL, established and maintained circuit limit price by entering orders at higher prices, even though price of scrip had fallen.

- Regarding claim of AIPL that its dealer was acting independently; from order entry pattern, it is observed that they were in concert. This can be seen from the fact that sell order for 500 shares of SGWL scrip was entered on December 1, 2009 at 15:06:50 at Rs. 41.30 from terminal no. 377, which was updated to 5000 shares from same terminal while another sell order for 5000 shares was placed at 15:06:53 at Rs. 41.30 from terminal no. 546 and buy order for 45,000 shares at Rs. 41.35 was entered from terminal no. 551. Though market price of scrip had fallen, sell orders were entered at higher prices. Though price of first sell order was reduced to Rs. 41.20, after which trade of 650 shares took place, price was subsequently increased to Rs. 41.30. Thus order pattern of two dealers appear to be similar, i.e. not in line with the then prevailing market scenario.

- Two groups depicting price movement in SGWL scrip from November 6, 2009 to December 2, 2009 and volume movement during this period were also presented by Appellant, wherein price had steadily increased during the period, while volume showed rapid upward movement from November 25, 2009 to November 29, 2009 afterward it declined sharply upto December 2, 2009. Hence, Appellant's self trades on November 30, 2009 and December 1, 2009

were executed, when price and volume were at peak or nearby. Appellant's submission that price was already high when its' self-trades happened and it did not contribute to price increase, but though price manipulation was shown to have resulted from its' self-trades, yet price manipulation is not the charge against it.

- However, it must be pointed out that this Tribunal is not able to understand why at least 3 dealers, out of 70 available, and at three terminals, out of 156 terminals of AIPL, were dedicated to trade in SGWL scrip, when there are more than 1500 scrips listed on NSE and BSE and also when SGWL is not a very liquid scrip; and these dealers are stated to be dealing independently, as per their own perceptions of market and scrip. In addition to more than 1500 scrip listed on NSE and BSE, AIPL deals in F&O and other segments and does trading activities and proprietary trading dealings fro Angel Group; the question arises as to why AIPL is able devote so many dealers and terminals to SGWL, when it has so many other activities to look after, unless AIPL has some unholy intentions in scrip of SGWL.

6. However, a few points need to be dealt here; which have not been raised by Ld. AO:-

- How could an order be cancelled within 2 seconds of its placement, i.e. whether it is physically possible to punch in a cancellation order within 2 seconds of its being placed, since time taken to physically place or cancel an order is definitely much more than 2 seconds, while not taking account the time taken by dealer in making up his mind – based on sensing adverse price movement, etc. Cancellation of order within 2 seconds of its being placed gives rise to conclusion that placing of order for sale and its cancellation was decided at the same time and sell order was placed from one terminal, while cancellation was put in place from second terminal and placing of order for sale was followed immediately – within 2 seconds – by its' cancellation. This appears more logical in the context of what really happened, since sale order at 10:23:39 for 1000 shares of SGWL was for self trade of pending buy quantity of 323 shares of order placed at 10:09:34 and dealer knew very well that when he places order for sale of same scrip, at same price as in buy order, the trade for 323 shares of SGWL will take place immediately and he has to cancel the sell order immediately i.e. as soon as cancellation button on next terminal can be pressed, as only that much is possible within 2 seconds. However, this brings us to second point as to why cancellation of sale order placed at Rs. 40.25 was required when the dealer senses adverse price movement i.e. price falling below the price at which sell order is placed. This is because your sell price is locked at Rs. 40.25 and trade will take place only when trade price is Rs. 40.25 or above and if there is fall in price of scrip, dealer's sell order at Rs. 40.25 will not get executed, then what was the requirement to cancel sell order placed at Rs. 40.25, due to sensing adverse price movement.

- Thus, the only reasonable conclusion that can be arrived by keeping all inputs available, is that Appellant placing sell order at buy order price for picking up 323 shares in SGWL scrip available in their own order in the system i.e. execute self-trade and cancel balance pending sell order immediately thereafter and both these orders were intentional with full knowledge of what will take place i.e. self trade, to increase trading volumes, which is to manipulate market by showing false trading.

7. First case laws cited by Appellant is Chirag Tanna vs. SEBI (Appeal No. 26 of 2011 decided on 16.06.2001), in which Appellant were subjected to penalty of Rs. 25 lac for violating regulation 4 of PFUTP Regulations. Appellant was alleged to have indulged in self-trades, but SCN issued to Appellant before impugned order was passed, did not contain any charge of self-trade and accordingly it was held by this Tribunal that case of Appellant will be prejudiced if precise charges are not leveled and hence case was remanded to SEBI. Facts in the present case are different since SCN dated July 15, 2013 before hearing of Appellant by Ld. AO and impugned order is passed thereafter and hence this case does not support Appellant's case.

8. Next case cited by Appellant and subsequently by Respondent also in H.J. Securities Pvt. Ltd. vs. SEBI (Appeal No. 76 of 2012 decided on 11.05.2012), where charges of self trade are leveled against Appellant, who was penalized for violation of regulation 3(a),(d) and 4(1), 4(2)(a) and (g) of PFUTP Regulations. The case relates to self trade and it was held by appellant that self trade happened due to operations of 19 jobbers operating through different locations and self trades were coincidence and not intention, but Tribunal held that appellant may adopt any business model, but has to ensure that whatever business model is adopted, is in conformity with regulatory framework and Appellant was held guilty of violative of PFUTP Regulations.

9. Next case cited by Appellant is Smt. Krupa Sanjay Soni & Anr. vs. SEBI (Appeal No. 32 of 2013 decided on 09.01.2014), wherein Appellants acted as a group and were responsible for increase in price of scrip "SGTL" by manipulating in market, through self and synchronized trade. Appellant were held vioaltive of PFUTP Regulations due to self-trades resulting in manipulation of securities markets.

10. Next case cited by Arcadia Share and Stock Brokers Pvt. Ltd. decided by AO, SEBI vide Order no. IVD-ID5/CT-ASSBPL/AO/DRK-AKS/EAD3-414/80-2013 dated November 21, 2013, where a client of Arcadia executed self trade through Arcadia but no connection could be established between Arcadia and client or that Arcadia has knowledge of client's self-trades or was an accomplice and hence Arcadia (broker) was not penalized.

11. Appellant have also submitted Financial Industry Regulatory Authority, Inc. USA, order on self trades (Release No. 34-72067; dated May 1, 2014 wherein it is stated "The proposed rule require FINRA members to have policies and procedures in place that are reasonably designed to review their trading activity for and prevent a pattern or practice of self trades resulting from orders originating from a single algorithm or trading desk, or from related algorithms or trading desks". Further, it is stated that "The proposed rule change require members to adopt reasonable policies and procedures to prohibit such activity and would not, therefore, apply to isolated self trades resulting from orders originating from a single algorithm or trading desk, or from related algorithms or trading desks.

The above does not apply in present case, since self trades of AIPL did not originate from system but were placed consciously by its dealers.

12. Respondent has cited the following cases, which have been considered:-

(i) Anita Dalal vs. Securities and Exchange Board of India decided on 03.12.2012 by this Hon'ble Tribunal;

(ii) Order No. BM/AO-51/2012 passed by Ld. AO, SEBI on 28.09.2012;

(iii) Order No. WTM/PS/27/IVD/ID-06/JAN/2013 passed by Ld. WTM, SEBI on 30.01.2013;

13. In Anita Dalal vs. SEBI, Appellant is an individual investor and also a trader was restrained from accessing securities market for a period of 18 months, on being found violative of PFUTP Regulations. Appellant, as part of a group, was found to be executing reversal, self-trades and off-market transactions in a number of scrips, in a synchronized manner and appellant was formed to have contributed to artificial volume in relevant scrips and hence her trades were found violative of PFUTP Regulations, but considering her involvement in these activities as relatively less, Appellants period of restrain was reduced from 18 months to 3 months.

14. Case Adjudication Order No. BM/AO-51/2012 in respect of Angel Broking Pvt. Ltd., cited by Respondent, deals with SEBI (Stock-Brokers and Sub-Brokers) Regulations, wherein ABPL was found violative of Regulation 7 of Stock-Brokers Regulation read with Schedule II of Code of Conduct for Stock Brokers, A(2) and A(5), wherein ABPL had accepted payment from third party and not from client. This is a violation of Stock-Brokers Regulations but not of serious nature as PFUTP Regulations violation.

15. Adjudication Order WTM/PS/27/IVD/ID-06/JAN/2013 decided on January 30, 2013 deal with Angel Broking Limited (ABL), wherein ABL was found to have violative of PFUTP Regulations and Stock-Brokers

Regulations, due its aid and abetment of its client in creation of artificial volumes in scrip of Sun Infoways Limited.

16. From what has been stated above, it can be conclusively concluded that Appellant executed 4 self trades on November 30, 2009 and December 1, 2009 for 9866 shares in scrip of SGWL, which constituted 7.45% of total buy and 10.20% of total sale of SGWL scrip on these two days, and these self-trades have not been denied.

17. Appellant has tried to explain these self trades, as arising due to jobbing/arbitrage nature of their business, where more than one dealer deals with the scrip and place buy or sell orders in same scrip, based on their perception of market and hence these orders arising out of different terminals sometimes match and this has not been done intentionally or they have made any profit.

18. Ld. AO has on other hand has demolished all reasoning / explanations of these self trades, in a systematic, analytic and logical manner and proved beyond reasonable doubt that these self-trades were executed by Appellant, with full knowledge, and were intentional, to increase volume and increase price of SGWL scrip, in a well throughout plan and explanation of Appellant – that individual dealers traded independently, based on their perception of market -, is not acceptable. This is more so since jobbing or any other purchase / sell activity in security market has to follow the basic rule viz. buy cheap and sell costly; but here Appellant, while trying to explain self trades; have shown that they were buying costly and selling cheap.

19. It has also been stated by this Tribunal in H.J. Securities Pvt. Ltd. that “Appellants are free to adopt any business model, but has to ensure that

whatever model is adopted, is in conformity with regulatory framework". It has also been held that in this case that "if appellant was operating through jobbers from different terminals, he should have placed some mechanism, in place, to ensure that his trades do not result in self-trades.

20. Regarding submissions of Appellant that price of scrip of SGWL was increasing since start of IP with increase in volume, and hence volatility in scirp, enticed its dealers towards arbitrage opportunity and therefore dealers of AIPL were followers and not creators of the volumes. Ld. AO has rightly held that volumes, increase or decrease, are not concern of regulators, but artificial creation of volumes, through self/fictitious trades, are of concern, which defeat purpose of anonymity of trading system of exchanges and affect investor's interests, adversely. It has also been held by Ld. AO that there is huge difference in AIPL's buy and sell volumes, on two days, when self trades were executed and hence not in nature of jobbing.

21. In view of above, AIPL have been held violative of regulation 3(a), 4(1) and 4(2)(a), (b), (e) and (g) of PFUTP Regulations and ABPL held violative in addition to regulation 7 read with Clauses A(1), A(3), A(4) and A(5) of Code of Conduct of Stock-Brokers, as specified in Schedule II of Stock-Broker Regulations.

22. Regarding quantum of penalty and considering 15(J) of SEBI Act, into consideration, it is held that disproportionate gains or unfair advantage by a entity and the consequent losses suffered by the investors, are difficult to quantify, but since Appellant has executed self trades – which do not result in change of beneficial ownership, created false volumes and manipulated price of SGWL scrip and thus sent wrong signals to gullible investors about trading in scrip – and hence considering that self trades have

serious consequences and is serious violation on 4 occasions on November 30, 2009 and December 1, 2009 and since ABPL, was previously also held to violative of Stock-Brokers Regulations and PFUTP violations; exemplary penalty needs to be imposed on Appellant.

23. To sum up, facts on record reveal that AIPL which subsequently merged with ABPL, had on November 30, 2009 and December 1, 2009 executed 4 self trades, wherein ABPL acted as broker as well as counter party broker. Moreover, it is found that AIPL had on December 1, 2009 sold shares at lower price and bought shares at higher price, which is contrary to normal jobbing, wherein, normally shares are bought at lower price and sold at a higher price. Although, self trades in question were executed only on two days and there is time gap between buy order and sell order and number of shares may be only 7.45% of total in buy and 10.20% of total sale of SGWL scrip on these two days yet in facts of present case, modus operandi adopted by ABPL/AIPL in executing self trades and that too buying shares at a higher price and selling at a lower price clearly show that the trades executed were not normal trades. In these circumstances, AO is justified in holding that self trades were executed with ulterior motives. Therefore, quantum of penalty imposed upon Appellant based on facts on record, mitigating factors and past conduct of Appellant cannot be faulted. The appeal, accordingly, does not succeed.

Sd/-
Justice J. P. Devadhar,
Presiding Officer

Sd/-
A.S. Lamba
Member

01.10.2014
Prepared and compared by:
msb