BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO.AK/AO-15-17/2018]

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 BY ADJUDICATING OFFICER) RULES, 1995

In respect of

M/s. Nirshilp Securities Pvt Ltd PAN: AABCN4361M)
M/s. Shailesh Shah Securities Pvt Ltd (PAN: AAECS 3607E)
M/s. Nirpan Securities Pvt Ltd (PAN: AAACN1329A)

In the matter of

AGC Networks Ltd.

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI'**) conducted an investigation with respect to trading in the scrip of AGC Networks Ltd. (hereinafter referred to as '**AGC'** or '**the company'**) for the period March 02, 2012 to August 23, 2012 (hereinafter referred to as the '**Investigation Period'**). The scrip is listed on the Bombay Stock Exchange Ltd. (hereinafter referred to as **'BSE'**) as well as on National Stock Exchange Ltd. (hereinafter referred to as **'NSE'**).

2. Investigation had observed that during the investigation period, repeated self-trades (i.e. Trades where the buyer and seller are the same and does not result in a change of ownership) were carried out by Nirshilp Securities Pvt Ltd(hereinafter referred to as the **'Nirshilp')**in the scrip of AGC. It is observed that Nirshilp had entered into 227 self-trades (228 Shares) on 72 trading days on BSE through the same broker/ counterparty broker viz., Shailesh Shah Securities Pvt Ltd(hereinafter referred to as the **'Shailesh Shah'**). Out of 227 trades, 115 self-trades for 116 shares were from the same terminal id. Similarly, on NSE, it is observed that Nirshilp had entered repeatedly into 194 self-trades on 55 trading days through the same

broker/ counterparty broker viz., Nirpan Securities Pvt Ltd (hereinafter referred to as the **'Nirpan')** for a total of 210 shares, of which 30 self-trades for 30 shares were from the same terminal id. Nirshilp, Nirpan and Shailesh Shah are hereinafter collectively referred to as '**the Noticees**'.

3. It is, therefore, alleged that Noticee Nirshilp by entering into repeated self-trades while trading in the scrip of AGC during the investigation period, through brokers Nirpan (NSE) and Shailesh Shah(BSE), has created artificial volume in the scrip, leading to false and misleading appearance of trading of the scrip of AGC. Thus, Noticee Nirshilp is alleged to have violated Sections 12A (a), (b), (c) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") read with Regulations 3 (a), (b), (c) (d), Regulation 4 (1) and 4(2)(g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations'**). Further, it is also alleged that the Noticees viz. Nirpan and Shailesh Shah facilitated the aforementioned self-trades of Nirshilp, as broker and counterparty broker on NSE and BSE respectively. The Noticees viz. Nirpan and Shailesh Shah are thereby alleged to have facilitated fraudulent and deceptive transactions, creating false market, detrimental to the interest of investors, thereby failing to abide by the provisions of SEBI Act and Brokers Regulations made thereunder. It is, thus, alleged that Noticees viz. Nirpan and Shailesh Shah have violated the provisions of Clause A(3), A(4) and A(5) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of SEBI (Stock Broker and Sub-broker) Regulation, 1992 (hereinafter referred to as '**Stock Brokers Regulations'**).

APPOINTMENT OF ADJUDICATING OFFICER

4. I was appointed as the Adjudicating Officer on February 13, 2015 under section 15-I of SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **'SEBI Rules'**) to inquire into and adjudge the alleged violations committed by the Noticees.

SHOW CAUSE NOTICE, HEARING AND REPLY

5. Show Cause Notice No. EAD-6/AK/SK/22691/2015 – 1, 2 and 3 dated August 12, 2015 (hereinafter referred to as '**SCN'**) were issued to the Noticees under rule 4 of the Rules to show cause as to why an inquiry should not be held and penalty be not imposed under section 15HA of SEBI Act on Nirshilp and under section 15HB of SEBI Act on Nirpan and Shailesh Shah for the alleged violation specified in the said SCN. Upon receipt of the SCN, the Noticees vide letter dated August 28, 2015 requested for additional time of five weeks to file their reply to the SCN. The request of the Noticees was acceded to. Thereafter, Notices filed their replies dated September 24, 2015. The Noticees vide their aforesaid replies while denying the allegations made in the SCNs have *inter alia* made the following submissions:

(a) Nirpan and Shailesh Shah have stated that they are arbitrageurs and have automated strategy for BSE and NSE. Arbitrage captures the possibility of price difference between two exchanges viz. BSE and NSE. Based on Bid and ask price available in each exchange, the automated system inputs order for their clients on both the exchanges just below the ask price and above the bid price such that the difference is positive and covers minimum exchange statutory costs like STT, transaction charges, SEBI turnover fees etc. Further order quantities that were input for client were same or less than best bid and ask quantity available in the exchange. Also that quantity was always equal or less than available demat stock in NSE/BSE.

(b) Nirshilp stated that the alleged self-trades were purely coincidental and not an outcome of any concerted act. Further when observed at exchange level, it may appear as self-trades, but at individual level when the trades are scrutinized; it is clear that these were individual trades done and were independent of each other.

(c) Nirshilp, Shailesh Shah and *Nirpan have further stated as follow:*

i. That self-trades were 0.024% to market volume by noticees;

ii. *That self-trades by Nirshilp were only on 72 days out of total 175 days (on BSE) and 55 days out of 175 days (on NSE).*

(d) *Nirshilp has stated that alleged self-trade contribution to New High Price (NHP) is not supported by any observations in SCN.*

(e) *Nirpan and Shailesh Shah have stated that trades executed by them were solely on behalf of client. There was no mala-fide intent and orders were placed as per instruction of clients. Further, it is not feasible to ascertain any foul play by mere placing of order by the clients. Trades were carried out within a very narrow price range and with miniscule price margins, therefore such trades cannot be said to be have led to false and misleading appearance of trading in the scrip.*

(f) *That an upward variation in price can be caused by a number of factors like general market trend, fundamentals of the company, market sentiment, the existing market position of market players etc. The SCN has failed to specify the details as to the manner in which Nirshilp's trades in AGC has contributed to upward price variation of the net LTP contribution by self-trades, if any.*

(g) *Exchanges' anonymous trading platform allowed Nirshilp to place simultaneous buy and sell orders in particular scrip, and none of the software systems available in capital market during the investigation period had the capability to restrict a particular trade which would result in no self-trade. Thus exchanges were ill equipped to deal with concept of self-trades.*

(h) *All the transactions were executed in narrow price range at prevailing market price. Such trades were never executed as first trades of the day at higher price than previous day close price and thus instrumental in establishing in higher prices in the scrip.*

(i) *Further, just a mere matching of trades without going in details like what was the original order quantity for buy or sell (i.e. not same order quantities), in what time difference these order placed, orders placed at different terminals, orders getting executed after a significant time gap, etc. cannot be regarded as self-trades, since for someone to manipulate he will place orders for same quantities and that too, in close proximity to rule out any possibly of the trade getting executed with an outside market participant.*

(j) Nirshilp has denied that they have indulged in fraudulent and unfair trade practices in securities or have dealt in securities deemed to be fraudulent or unfair practice. Further they have stated that they have not indulged in any act which has created any false or misleading appearance of trading in the securities market or have dealt in security not intended to effect transfer of beneficial ownership or done any act to manipulate price of security.

(k) Nirshilp has stated that they had a net purchase delivery position of shares of AGC and it self-negates the allegation that Nirshilp have dealt in security not intended to effect transfer of beneficial ownership.

(l) Nirpan and Shailesh Shah have stated that since Exchanges anonymous trading system allows clients to enter buy and sell orders in particular scrip, any restriction imposed by trading member by whatever means would tantamount to depriving of trading opportunity to clients. Nevertheless none of the software systems available in capital market during the investigation period had the capability to restrict a particular trade which would result in self-trade.

(m) Nirpan and Shailesh Shah have stated that they have at all times maintained due skill, care and due diligence in the conduct of their business as is required under the regulations.

6. Taking into consideration the aforesaid issues raised by noticees, namely Nirshilp, Nirpan and Shailesh Shah; noticees were issued supplementary SCN reference no EAD-6/AK/VG/28964/2016 dated October 20, 2016 for elaborating through certain instances, the charges set out in the individual SCNs dated August 12, 2015.To substantiate the charges a detailed analysis of the certain instances on both exchanges NSE and BSE was presented in supplementary SCN.

7. Nirshilp, Nirpan and Shailesh Shah filed their further reply vide letters dated November 28, 2016. The noticees in their said individual letters while denying the allegations made against them, have *inter alia* made the following further submissions:

i) In an automated system, if order is placed for 10 quantity and order gets executed for 2 quantity, then system will cancel the order for 8 quantity and will not proceed with the new order, till the 2 quantity is squared off on other exchange to create an arbitrage position.

ii) All the alleged trades were executed at real prevailing market price this cannot create misleading appearance of trading, which tampers / manipulates the price discovery mechanism of stock exchanges. Neither there has been an undue gain nor has unfair advantage to noticees nor any resultant artificial volume been alleged to have been created as a result of trades by noticees. There was also no element of any deceit, trickery or sharp practice or breach of confidence while carrying out alleged trade.

iii) Nirpan and Shailesh Shah have stated that orders placed by them were purely on the instruction given by the clients. Moreover price of orders were revised in order to secure the trade from the Exchange.

iv) Noticees have stated that when observed on consolidated basis at the exchange level, it may appear as self-trades but at the individual level when the trades are scrutinized, it is clear that these were individual trades done by the client and were independent of each other.

8. During the course of the adjudication proceedings, the Hon'ble Supreme Court vide its Order dated November 26, 2015 in the matter of *SEBI v. Roofit Industries Ltd.* opined that the Adjudicating Officer had no discretion under Section 15J in deciding the quantum of penalty for offences committed between 2002 and 2014, other for than penalty under Section 15F(a) and Section 15HB of the SEBI Act. However, subsequently, another Bench of the Hon'ble Supreme Court in the matter of *Siddharth Chaturvedi v. SEBI* vide Order dated March 14, 2016 stated that the matter deserved consideration at the hands of a larger Bench. Accordingly, the Supreme Court directed that the papers of these appeals be placed before the Hon'ble Chief Justice of India for placing these matters before a larger Bench. Hence, the current Adjudication proceedings were kept on hold until determination of the issue of applicability of Section 15J to Sections 15A(a), (b) and (c), 15B, 15C, 15D, 15E, 15F(b) and (c), 15G, 15H and 15HA of the SEBI Act, for offences committed between 2002 and 2014.

9. However, subsequent to the amendment made vide the Finance Act, 2017 to Section 15J of the SEBI Act, 1992 (notified on April 26, 2017), the following Explanation has been inserted in Section 15J:

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

10. Thus, it is now settled that Section 15J also applies to Sections 15A(a), (b) and (c), 15B, 15C, 15D, 15E, 15F(b) and (c), 15G, 15H and 15HA of the SEBI Act, for offences committed between 2002 and 2014.

11. In the interest of natural justice and in order to conduct an inquiry as per rule 4 (3) of the Rules, Noticees were granted an opportunity of personal hearing on May 22, 2017 at Mumbai vide hearing notice dated April 20, 2017. Subsequently upon request from the noticees, the hearing was rescheduled to June 29, 2017. On the hearing date Mr. Anil Shah and Ms. Poonam D Gadkari, Authorized Representatives (hereinafter referred to as **'ARs of Noticees')** appeared on behalf of noticees for personal hearing and made submission.

12. Certain specific queries raised during the hearing and submissions made by noticees subsequent to hearing are as follows :

    Query- Explain the reason why Nirshilp placed buy orders at much higher rate at start of the day on March 02, 2012, when on the previous day just one trade had occurred at much lower trade of Rs. 144?

    Reply – Nishilp had put sell order under the strategy of NSE-BSE arbitrage, in BSE at just below the offer tick available in BSE at 9.54.23,since they had executed the buy under strategy of systematic investment from different terminal to buy 1 share of more than 950 scrips

including AGC at market rate at around 10.03 am in BSE. By buying one share of more than 950 scrips Nirshilp did not intended to cause self-trades in one scrip.

Query – There was large difference between the buy /sell among the exchanges as brought out below:

Particulars	NSE		BSE	
	Buy	Sell	Buy	Sell
Traded Qty	8336	7125	4514	6142
No of orders Deleted	1805	1829	10638	10240

Reply- Nirshilp employs three strategies namely systematic investment, jobbing and NSE-BSE arbitrage. Summary of all trades done in AGC and profits made in said strategies were stated to be as below:

Particulars – Strategies	NSE		BSE		Profit Made
	Buy	Sell	Buy	Sell	
1. Systematic Investment of Share	0	0	75	0	Not Specified
2. Jobbing	1628	1628	0	0	Rs. 1336.45
3. NSE BSE Arbitrage	6707	5497	5487	6697	Rs. 9041.20
Total of all Strategies	**8336**	**7125**	**5562**	**6697**	-

Query- The ARs were also advised to submit details of past non compliance of SEBI Act and Regulations, if any, by the noticees and action taken by the SEBI in the past against the noticees if any.

Reply- Nil for Nirshilp and Nirpan. For Shailesh Shah, vide order dated March 03, 2015 in the matter of Ess Dee Aluminum Ltd the adjudicating officer therein has charged a penalty of Rs. 11,00,000/-.

13. Further following points were submitted by the noticees -

    i. Self-trades have occurred on account of buy and Sell orders placed at different point of time in trading system and these have matched with each other on account of movement of price of stock.

ii. The quantum of self-trades was not such magnitude vis-a- vis total volume of scrip on daily basis that it could adversely affect the equilibrium of market.

iii. Some of self-trades were executed with a very small gap of time between buy and sell order, it has been found that such buy and sell orders were placed from different trading terminals.

iv. The self-trades executed on either side of price, not particularly in one direction to influence the price discovery process.

14. Thereafter, the Noticees were granted another opportunity for personal hearing vide hearing notice dated October 17, 2018. However, vide email dated October 31, 2018, the Noticees stated that they had filed additional submissions dated October 29, 2018 and did not seek another personal hearing in the matter. Vide the aforesaid letter dated October 29, 2018, the Noticees reiterated their earlier replies and submissions made at the time of the personal hearing. In addition to the same the Noticees have further submitted:

i. That Nirshilp was discharged vide Order dated March 9, 2018 from the Adjudication Proceedings in the matter of Ess Dee Aluminium, wherein the allegations levied against it were of a very similar nature to those in the present proceedings in the matter of AGC Networks Ltd.

ii. That in the aforesaid Adjudication proceedings in the matter of Ess Dee Aluminum Ltd., Shailesh Shah had dealt for the client Nirshilp Commodities and Trading Pvt. Ltd. (Estwhile Nirshilp Securities Pvt. Ltd.) and a penalty of Rs.11,00,000/- had been imposed on Shailesh Shah vide Order dated March 27, 2015 by the Ld. Adjudicating Officer in the matter. However, vide order dated June 6, 2018, the Hon'ble SAT set aside the said Order dated March 27, 2015.

iii. Based on the similarity of facts in the present proceedings, the Noticees have averred that they be discharged from the adjudication proceedings in the matter of AGC Networks Ltd.

CONSIDERATION OF ISSUES AND FINDINGS

15. I have carefully examined the SCNs, the submissions made and the documents available on record. The allegations against the noticee Nirshilp is that it entered into self-trades which created artificial volume in the scrip, leading to false and misleading appearance of trading in the scrip, and hence, allegedly fraudulent. Further the allegation against its brokers i.e. noticees Nirpan and Shailesh Shah is that they failed to prevent such self-trades from occurring. Consequently, it is alleged that Nirshilp has violated Regulation 3(a), (b), (c) (d), Regulation 4(1) and Regulation 4(2) (g) of the PFUTP Regulations. Nirpan and Shailesh Shah have violated the provisions of Clause A(3), A(4) and A(5) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of SEBI -Stock Brokers Regulations.

16. The issues that, therefore, arise for consideration in the present case are:
    a) Whether noticee Nirshilp executed self-trades which created artificial volume in the scrip, leading to false and misleading appearance of trading of AGC scrip in the securities market, and thus, violated Sections 12A (a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c) (d), Regulation 4(1) and Regulation 4(2) (g) of the PFUTP Regulations?
    b) Further, whether noticee viz Nirpan and Shailesh Shah failed to comply provisions of Clause A(3), A(4) and A(5) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of SEBI -Stock Brokers Regulations?
    c) Does the violation, if any, on the part of noticee Nirshilp attract monetary penalty under section 15HA of the SEBI Act and by noticees viz Nirpan and Shailesh Shah attract monetary penalty under section 15HB of the SEBI Act?
    d) If so, what would be the monetary penalty that can be imposed against noticees viz. Nirshilp, Nirpan and Shailesh Shah taking into consideration the factors mentioned in section 15J of the SEBI Act?

17. Before moving forward, it will be appropriate to refer to the relevant provisions of the SEBI Act, PFUTP Regulations and the Stock Brokers Regulations, which reads as under:

SEBI Act, 1992

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

12A. *No person shall directly or indirectly—*

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

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

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

PFUTP Regulations

Prohibition of certain dealings in securities

3. *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 thereunder;

(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 thereunder.

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:—

(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security

Stock Brokers Regulations

Stock-Brokers to abide by Code of Conduct.

7. The stock-broker holding a certificate shall at all times abide by the Code of Conduct as specified at Schedule II.

Schedule II- Code of Conduct for Stock Brokers

A(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.*

A(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.*

A(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.*

FINDINGS

18. Upon careful perusal of the material available on record, I now proceed with the findings in connection with the role of noticees with respect to the violations as alleged in the case.

19. The details of the self trades executed by Nirshilp on BSE through broker Shailesh Shah are as given below:

BSE – SELF TRADE ANALYSIS OF NIRSHILP WITH BUY AND SELL VOLUMES ON SELF TRADE DATES									
Trade Dates	Total Traded Qty in the Scrip	Total number of trades	Total Self Trade Qty by Nirshilp	Total Buy Trade Quantity of Nirshilp	Total number of buyers in the scrips	% of self trade qty to buy qty	Total Sell trade qty of Nirshilp	Total Number of Sellers in the scrip	% of self trade qty to sell qty
03/02/2012	107	27	1	5	10	20.00	12	8	8.33
03/03/2012	148	18	1	12	3	8.33	3	3	33.33

BSE – SELF TRADE ANALYSIS OF NIRSHILP WITH BUY AND SELL VOLUMES ON SELF TRADE DATES									
Trade Dates	Total Traded Qty in the Scrip	Total number of trades	Total Self Trade Qty by Nirshilp	Total Buy Trade Quantity of Nirshilp	Total number of buyers in the scrips	% of self trade qty to buy qty	Total Sell trade qty of Nirshilp	Total Number of Sellers in the scrip	% of self trade qty to sell qty
03/05/2012	1489	39	4	15	7	26.67	11	15	36.36
03/09/2012	335	14	1	5	5	20.00	2	7	50.00
03/12/2012	2342	72	3	30	9	10.00	13	20	23.08
03/13/2012	1735	110	2	10	12	20.00	50	21	4.00
03/16/2012	2054	172	2	59	11	3.39	65	16	3.08
03/19/2012	341	23	2	14	8	14.29	4	11	50.00
03/21/2012	2064	98	1	35	13	2.86	33	14	3.03
03/22/2012	4390	184	1	51	19	1.96	65	41	1.54
03/26/2012	2843	92	4	23	14	17.39	29	23	13.79
03/27/2012	1540	142	2	60	12	3.33	32	19	6.25
03/28/2012	4961	284	4	64	18	6.25	121	41	3.31
03/29/2012	858	100	4	48	9	8.33	29	16	13.79
04/02/2012	2185	126	1	39	14	2.56	52	13	1.92
04/03/2012	4960	291	2	115	24	1.74	110	11	1.82
04/04/2012	430	36	3	26	7	11.54	5	7	60.00
04/09/2012	845	31	2	6	8	33.33	9	10	22.22
04/10/2012	1161	60	1	3	7	33.33	33	16	3.03
04/12/2012	4673	200	1	8	19	12.50	141	22	0.71
04/13/2012	420	53	1	24	10	4.17	11	15	9.09
04/16/2012	699	24	1	2	8	50.00	1	12	100.00
04/17/2012	2519	154	3	40	19	7.50	105	32	2.86
04/18/2012	**5230**	**394**	**10**	**245**	**26**	**4.08**	**210**	**40**	**4.76**
05/25/2012	432	12	1	2	6	50.00	1	4	100.00
05/28/2012	385	25	1	6	10	16.67	5	10	20.00
05/29/2012	255	11	1	2	4	50.00	2	8	50.00
05/30/2012	481	140	2	59	14	3.39	71	13	2.82
06/01/2012	405	29	1	9	8	11.11	12	7	8.33
06/04/2012	241	30	2	13	7	15.38	8	9	25.00
06/06/2012	224	20	5	13	7	38.46	7	7	71.43
06/08/2012	**126916**	**3993**	**42**	**602**	**372**	**6.98**	**801**	**416**	**5.24**
06/11/2012	11565	542	2	27	84	7.41	160	89	1.25
06/14/2012	16872	841	8	134	104	5.97	194	135	4.12
06/15/2012	3497	185	2	49	34	4.08	48	29	4.17
06/18/2012	1454	112	1	7	19	14.29	76	14	1.32
06/19/2012	3495	237	8	53	24	15.09	97	29	8.25
06/20/2012	1565	192	5	127	15	3.94	29	17	17.24

BSE – SELF TRADE ANALYSIS OF NIRSHILP WITH BUY AND SELL VOLUMES ON SELF TRADE DATES									
Trade Dates	Total Traded Qty in the Scrip	Total number of trades	Total Self Trade Qty by Nirshilp	Total Buy Trade Quantity of Nirshilp	Total number of buyers in the scrips	% of self trade qty to buy qty	Total Sell trade qty of Nirshilp	Total Number of Sellers in the scrip	% of self trade qty to sell qty
06/22/2012	5208	347	4	26	27	15.38	225	41	1.78
06/25/2012	1990	205	1	30	18	3.33	134	14	0.75
06/26/2012	1105	23	1	3	7	33.33	8	5	12.50
06/27/2012	1383	81	1	20	9	5.00	38	12	2.63
06/28/2012	2213	125	3	75	16	4.00	16	15	18.75
07/02/2012	605	60	1	20	16	5.00	19	10	5.26
07/03/2012	1030	138	2	56	17	3.57	45	17	4.44
07/04/2012	675	101	2	20	17	10.00	71	12	2.82
07/05/2012	12757	430	2	58	45	3.45	235	66	0.85
07/06/2012	1668	413	1	179	26	0.56	214	23	0.47
07/09/2012	7151	292	6	89	35	6.74	89	52	6.74
07/10/2012	11667	460	2	59	43	3.39	186	71	1.08
07/12/2012	5233	239	2	74	33	2.70	57	51	3.51
07/13/2012	3584	207	1	68	32	1.47	68	35	1.47
07/16/2012	4915	327	1	40	46	2.50	200	31	0.50
07/17/2012	1811	137	3	20	22	15.00	83	24	3.61
07/20/2012	185	12	1	4	6	25.00	3	5	33.33
07/23/2012	8524	331	1	210	29	0.48	117	16	0.85
07/24/2012	8401	381	3	75	31	4.00	137	56	2.19
07/25/2012	2812	178	2	57	19	3.51	48	38	4.17
07/26/2012	32782	533	1	126	62	0.79	94	122	1.06
07/27/2012	13522	322	1	81	24	1.23	71	72	1.41
08/01/2012	11931	521	7	146	20	4.79	258	74	2.71
08/02/2012	11787	316	2	73	30	2.74	101	58	1.98
08/03/2012	5825	94	1	11	16	9.09	6	28	16.67
08/07/2012	4533	105	2	16	27	12.50	25	24	8.00
08/09/2012	1201	116	1	22	13	4.55	70	11	1.43
08/10/2012	416	19	1	3	7	33.33	6	9	16.67
08/13/2012	1546	91	1	46	19	2.17	12	20	8.33
08/16/2012	1306	102	2	19	11	10.53	45	11	4.44
08/17/2012	4893	182	5	36	17	13.89	93	14	5.38
08/21/2012	**25975**	**1188**	**10**	**261**	**103**	**3.83**	**264**	**175**	**3.79**
08/22/2012	63953	1853	6	123	214	4.88	118	384	5.08
08/23/2012	**253123**	**9351**	**10**	**326**	**854**	**3.07**	**329**	**1013**	**3.04**

20. Analysis of self-trades executed on **BSE** by **Noticee Nirshilp through Noticee Shailesh Shah** as aforesaid reveals the following:

i. That on **4 trade dates** viz. 18.04.2012, 08.06.2012, 21.08.2012 and 23.08.2012, Nirshilp had through Shailesh Shah executed **self trades for 10 shares or more in a day** on BSE **through 10 or more self trades in a single day**;

ii. That **on 08.06.2012** in particular, Nirshilp through Shailesh Shah had executed **self trades for 42 shares through 41 self trades in a single trade day**;

iii. that self-trades were more than or equal to **10%** of its **buy trades** on **29 trade dates** and more than or equal to **10%** of its **sell trades** on **21 trade dates**;

iv. Besides, on **2 trade dates**, self-trades executed by Nirshilp through Shailesh Shah were **100%** of its **sell trades** and on **7 trade dates**, self-trades were more than or equal to 50% of its **sell trades;**

v. Similarly, self-trades were **50%** of its **buy trades** on **3 trade dates.**

vi. Furthermore, **115 self-trades for 116 shares** were from the same terminal id.

21. Similarly, the details of the self trades executed by Nirshilp on NSE through broker Nirpan are as given below:

NSE – SELF TRADE ANALYSIS OF NIRSHILP WITH BUY AND SELL VOLUMES ON SELF TRADE DATES									
Trade Date	Total Traded Qty in the scrip	Total number of trades	Total Self Trade Qty by Nirshilp	Total buy trade quantity of Nirshilp	Total number of buyers in the scrip	% of self trade qty to buy qty	Total sell trade quantity of Nirshilp	Total number of sellers in the scrip	% of self trade qty to sell qty
03/05/2012	435	40	5	11	9	45.5	17	9	29.4
03/06/2012	648	49	2	24	8	8.3	8	10	25.0
03/07/2012	467	74	5	6	10	83.3	55	10	9.1
03/13/2012	857	87	2	54	14	3.7	14	18	14.3
03/15/2012	2020	50	6	13	14	46.2	16	13	37.5
03/16/2012	2201	184	4	70	14	5.7	63	20	6.3
03/20/2012	1658	96	1	69	11	1.4	35	26	2.9
03/21/2012	2154	110	1	33	15	3.0	35	26	2.9
03/22/2012	6209	233	5	82	23	6.1	68	39	7.4
03/27/2012	825	126	5	45	9	11.1	72	16	6.9
03/28/2012	4460	303	2	138	13	1.4	81	43	2.5

NSE – SELF TRADE ANALYSIS OF NIRSHILP WITH BUY AND SELL VOLUMES ON SELF TRADE DATES									
Trade Date	Total Traded Qty in the scrip	Total number of trades	Total Self Trade Qty by Nirshilp	Total buy trade quantity of Nirshilp	Total number of buyers in the scrip	% of self trade qty to buy qty	Total sell trade quantity of Nirshilp	Total number of sellers in the scrip	% of self trade qty to sell qty
03/29/2012	2976	126	2	31	13	6.5	49	28	4.1
04/02/2012	2217	154	4	65	19	6.2	51	27	7.8
04/03/2012	4072	303	9	129	22	7.0	132	20	6.8
04/04/2012	560	49	2	5	7	40.0	26	10	7.7
04/09/2012	1062	38	3	21	13	14.3	16	9	18.8
04/10/2012	704	56	3	34	9	8.8	5	11	60.0
04/12/2012	1922	201	3	155	11	1.9	22	23	13.6
04/17/2012	2736	160	7	116	20	6.0	51	27	13.7
05/24/2012	3431	138	6	42	16	14.3	42	32	14.3
05/29/2012	1244	37	1	14	12	7.1	8	15	12.5
05/30/2012	1623	173	7	84	27	8.3	71	19	9.9
05/31/2012	916	48	4	17	19	23.5	4	14	100.0
06/08/2012	**213758**	**7361**	**13**	**911**	**718**	**1.4**	**711**	**783**	**1.8**
06/12/2012	**7921**	**332**	**10**	**41**	**39**	**24.4**	**144**	**42**	**6.9**
06/14/2012	31612	1520	3	237	221	1.3	177	222	1.7
06/15/2012	7549	260	4	63	42	6.3	63	41	6.3
06/19/2012	6715	340	8	106	41	7.5	62	59	12.9
06/20/2012	2963	262	4	34	26	11.8	131	31	3.1
06/22/2012	**10858**	**525**	**12**	**248**	**43**	**4.8**	**48**	**60**	**25.0**
06/25/2012	6339	332	3	144	44	2.1	39	34	7.7
06/29/2012	2812	268	1	74	37	1.4	34	26	2.9
07/03/2012	4307	182	5	60	32	8.3	71	35	7.0
07/04/2012	6019	155	2	72	31	2.8	20	16	10.0
07/05/2012	15466	583	1	256	73	0.4	79	97	1.3
07/06/2012	6687	526	1	219	49	0.5	183	41	0.5
07/09/2012	8810	384	3	101	46	3.0	100	79	3.0
07/10/2012	15933	583	1	219	67	0.5	92	85	1.1
07/12/2012	8386	346	2	64	56	3.1	81	63	2.5
07/13/2012	6785	284	1	84	57	1.2	83	42	1.2
07/17/2012	4079	204	1	93	31	1.1	30	35	3.3
07/23/2012	6444	333	6	127	24	4.7	219	27	2.7
07/24/2012	13702	483	2	157	39	1.3	95	62	2.1
07/26/2012	49895	775	2	121	91	1.7	153	173	1.3
07/27/2012	11320	322	1	96	31	1.0	104	54	1.0
08/01/2012	18401	608	1	263	28	0.4	150	84	0.7

NSE – SELF TRADE ANALYSIS OF NIRSHILP WITH BUY AND SELL VOLUMES ON SELF TRADE DATES									
Trade Date	Total Traded Qty in the scrip	Total number of trades	Total Self Trade Qty by Nirshilp	Total buy trade quantity of Nirshilp	Total number of buyers in the scrip	% of self trade qty to buy qty	Total sell trade quantity of Nirshilp	Total number of sellers in the scrip	% of self trade qty to sell qty
08/02/2012	12747	476	2	108	38	1.9	81	78	2.5
08/07/2012	2200	130	4	31	27	12.9	22	31	18.2
08/09/2012	1042	152	1	75	17	1.3	27	20	3.7
08/13/2012	3249	193	1	17	55	5.9	50	39	2.0
08/14/2012	5464	311	1	57	91	1.8	47	41	2.1
08/16/2012	2026	140	1	49	23	2.0	24	20	4.2
08/21/2012	38998	1444	9	306	144	2.9	302	247	3.0
08/22/2012	114521	3327	8	211	342	3.8	231	606	3.5
08/23/2012	670549	23002	7	849	1948	0.8	830	2168	0.8

22. Analysis of self-trades executed on **NSE** by **Noticee Nirshilp through Noticee Nirpan** as aforesaid reveals the following:

    i. That on **3 trade dates** viz. 08.06.2012, 12.06.2012 and 22.06.2012, Nirshilp had through Noticee Nirpan executed self-trades for 13 shares **through 13 self-trades in a single day**, 10 shares through **7 self-trades in a single day** and 12 shares through **8 self trades In a single day** respectively on NSE;

    ii. Further that out of 55 trading days, on **11 trade dates** self-trades were more than 10% of its buy trades and they were more than 10% of its sell trades on **15 trade dates**.

    iii. Moreover, **30 self-trades for 30 shares** were from the same terminal id.

23. I note from the above that Nirshilp (as a client) has executed self-trades for 438 shares (3.15% of total traded quantity by Nirshilp through the brokers Nirpan and Shailesh Shah) through 421 trades. {227 (2.1%) trades out of total 10,628 trades of Nirshilp on BSE and 194 (1.68%) trades out of total 11,488 trades of Nirshilp on NSE}. Such self-trades were observed to have been executed on 72 trade days (on BSE) and 55 trade days (on NSE) during the investigation period of 120 trading days. The broad details of the same are as given below:

	BSE	**NSE**
Total Self Trades by Nirshilp	227	194
Total Trades by Nirshilp	10628	11488
% Self Trades to Total Trades	**2.1%**	**1.68%**
Self-Trades observed on trading days	72	55
Nirshilp trading days	112	98
% of Self trade Days to Total Trading Days	**64.28%**	**56.12%**

24. Vide supplementary SCN dated October 20, 2016 issued to Nirshilp, Nirpan and Shailesh Shah, certain instances of self-trades executed by Nirshilp were further elaborated by analyzing the pattern in which the orders were placed, to bring out how Nirshilp had placed orders in the scrip of AGC to intentionally execute self-trades so as to create artificial volumes in the AGC scrip.

25. Before going into the merits of the submissions made by the Noticees *vis-à-vis* the allegations made in the SCN and the Supplementary SCN, I find it pertinent to look at the trading pattern of the AGC scrip during the investigation period. The investigation period covered the period from March 02, 2012 to August 23, 2012. Upon perusal of Price-Volume (PV) data as available on BSE website it was observed that the number of trades per day were **less than or equal to 100 trades** on **60 (50%)** trade days out of a total of 120 trade days during the investigation period, and only on 6 trade days, the number of trades were more than 1,000 trades per day. On the remaining 54 trade days, the number of trades on BSE ranged between 101 to 841 trades per day. Similar analysis was done for Price-Volume (PV) data as available on NSE website when it was observed that the number of trades per day were **less than or equal to 100 trades** on **49 (40%)** trade days out of a total of 120 trade days, and only on 13 trade days, the number of trades were more than 1,000 trades per day. On the remaining 66 trade days, the number of trades on NSE ranged between 101 to 775 trades per day.

26. The above data makes it clear that the AGC scrip was illiquid scrip. It is with this perspective that self-trades by Nirshilp through its brokers Nirpan and Shailesh Shah during the investigation period would have to be viewed.

27. Further, on a perusal of the order log, it appeared that large number of orders/ quantity had been deleted. Hence, order-wise and volume-wise analysis was done for the investigation period.

A. Analysis Of Nirshilp's Total Added/ Deleted Orders/ Volumes Vis-À-Vis Market Total Added/ Deleted Orders/ Volumes During the Investigation Period at BSE

BSE			
Details of AGC	**by Nirshilp**	**Total Market**	**Nirshilp as % of Total Market**
Total number of orders in market	6,87,114	10,73,132	64%
Number of New orders placed	36,935	1,42,210	26%
Number of updated / Modified orders	6,23,284	8,41,479	74%
Number of Deleted orders	26,895	89,443	30%

BSE						
Details -During the investigation Period	**Nirshilp**		**Total Market**		**Nirshilp as % of Total Market**	
	Buy	**Sell**	**Buy**	**Sell**	**Buy**	**Sell**
Total number of orders	3,49,585	3,37,529	5,49,973	5,23,159	64%	65%
New orders placed (A)	18,708	18,227	72,890	69,320	26%	26%
Number of updated / Modified orders	3,16,711	3,06,573	4,25,152	4,16,327	74%	74%
Number of Deleted orders(B)	14,166	12,729	51,931	37,512	27%	34%
B/A	75.72%	69.83%				

The following is observed from the above table with respect to Nirshilp's orders on BSE:

→ That Nirshilp's Buy Added Orders comprised about **26%** of Market Buy Added Orders during the investigation period and Nirshilp's Sell Added Orders comprised about **26%** of the overall Sell Added Orders during the investigation period;

→ That Nirshilp had deleted about **75%** of its **Buy** Added Orders, thus, it appears that Nirshilp had inflated buy side of market-wise order book (in terms of orders), by **19.43%** (% of deleted buy orders of Nirshilp vis-a-vis Total Market Orders i.e. 14,166 Orders / 72,890 Orders);

→ That similarly, since Nirshilp had deleted **69.84%** of its **Sell** Added Orders, thus, it appears that Nirshilp had inflated Sell side of market-wise order book by about**18.36%** (% of deleted sell orders of Nirshilp vis-à-vis Total Market Orders i.e. 12,729 Orders/ 69,320 orders);

→ That new added orders by **Nirshilp was updated 16.92** times on average (number of updated/ modified orders to added orders) compared to **market** wise added order, which was **updated 6** times on an average.

Thus, it is observed from the above that on an overall basis, the artificial Orders/ volumes created by Nirshilp during the investigation period on BSE were in the range of 19.43% (Buy side) and 18.36% (Sell side). Also on an overall total basis, Nirshilp was deleting about 75.8% (Buy side) and 69.84% (Sell side) of its Added Orders on BSE.

B. Analysis Of Nirshilp's Total Added/ Deleted Orders/ Volumes Vis-À-Vis Market Total Added/ Deleted Orders/ Volumes During the Investigation Period at NSE:

NSE			
Details of AGC	**by Nirshilp**	**Total Market**	**Nirshilp as % of Total Market**
Total number of orders in market	6,00,307	10,01,402	59.95
Number of New orders placed	5,272	54,817	9.62
Number of updated / Modified orders	5,78,492	7,26,852	79.59
Number of Deleted orders	4,857	49,468	9.82

NSE						
Details -During the investigation Period	**Nirshilp**		**Total Market**		**Nirshilp as % of Total Market**	
	Buy	**Sell**	**Buy**	**Sell**	**Buy**	**Sell**
Total number of orders	3,24,188	2,76,119	5,23,928	4,77,474	61.88	57.83
New orders placed (A)	2,708	2,564	26,920	27,897	10.06	9.19
Number of updated / Modified orders	3,12,748	2,65,744	3,86,699	3,40,153	80.88	78.12
Number of Deleted orders(B)	2,361	2,496	26,446	23,022	8.93	10.84
B/A	87.19	97.35				

The following is observed from the above table with respect to Nirshilp's orders on NSE:

→ That Nirshilp's Buy Added Orders comprised about 10.06**%** of Market Buy Added Orders during the investigation period and Nirshilp's Sell Added Orders comprised about 9.19**%** of the overall Sell Added Orders during the investigation period;

→ That Nirshilp had deleted about 87.19% of its Buy Added Orders, thus, it appears that Nirshilp had inflated buy side of market-wise order book (in terms of orders), by 8.77% (% of deleted buy orders of Nirshilp vis-a-vis Total Market Orders i.e. 2,361 Orders / 26,920 Orders);

→ That similarly, since Nirshilp had deleted 97.35% of its Sell Added Orders, thus, it appears that Nirshilp had inflated Sell side of market-wise order book by about **8.95%** (% of deleted sell orders of Nirshilp vis-à-vis Total Market Orders i.e. 2,496 Orders/ 27,897 orders);

→ That new added orders by **Nirshilp was updated 109.79** times on average (number of updated/ modified orders to added orders) compared to **market** wise added order, which was **updated 13.26** times on an average.

Thus, it is observed from the above that on an overall basis, the artificial Orders/ volumes created by Nirshilp during the investigation period on NSE was in the range of 8.77% (Buy side) and 8.95%(Sell side). Also on an overall total basis, Nirshilp was deleting about 87.19% (Buy side) and 97.35% (Sell side) of its Added Orders on NSE.

28. In order to better understand the modus operandi used by Nirship, a detailed analysis of Nirshilp's Order Log at BSE and NSE for a few instances is brought out below:

A. Instance 1 – March 09, 2012 (BSE)

1. The supplementary SCN alleged as follo*ws:*

i. That the close price on March 07, 2012 i.e. the earlier trade day was Rs. 143.95. The first trade for the next trade day, which was March 09, 2012, happened at trade time 09:38:36.399307 at trade rate Rs. 140;

ii. that on March 09, 2012, Nirshilp had placed a sell order for 1 share at 09:21:12.294014 at Rs. 149.349 and ***updated*** *it on* ***271*** *occasions from 09:21:12.294014 to 10:04:49.306153 to bring down the rate to Rs. 147.55 (Details are given below in table below);*

iii. that at 10:05:53, Nirshilp placed a buy order for 1 share at Rs. 147.55. Though the last traded price (first trade for the day) had happened at trade time 09:38:36.399307 at trade rate Rs. 140, despite the same, Nirshilp had placed its buy order at Rs. 147.55 to match with its updated sell order rate;

iv. In an illiquid scrip, the two orders matched, thus causing a self-trade of Nirshilp for 1 share with a positive LTP difference of Rs.7.55 (from Rs. 140 to Rs. 147.55) (5.39%), which was highest positive LTP difference for the day;

v. The broker and the counter broker for the said self-trade was Shailesh Shah.

2. The details of updation done by Nirshilp on 271 occassions with respect to sell orderid 13000219000107 for 1 share is as given below:

S. No	ORDERID	ORDER_DATE	ORDER_TIME	RATE	QTY	AVLQTY	BUY/ SELL	AUDCODE
1	13000219000107	03/09/2012	09:21:12.294014	149.34999999999999	1	1	S	A
2	13000219000107	03/09/2012	09:27:48.773395	149.25	0	1	S	U
3	13000219000107	03/09/2012	09:30:50.866016	149.34999999999999	0	1	S	U
4	13000219000107	03/09/2012	09:32:05.778638	149.25	0	1	S	U
5	13000219000107	03/09/2012	09:37:10.805039	149.34999999999999	0	1	S	U
6	13000219000107	03/09/2012	09:37:20.647217	149.25	0	1	S	U
7	13000219000107	03/09/2012	09:37:23.486618	149.15000000000001	0	1	S	U
8	13000219000107	03/09/2012	09:37:26.133746	149.30000000000001	0	1	S	U
9	13000219000107	03/09/2012	09:37:26.384317	149.09999999999999	0	1	S	U
10	13000219000107	03/09/2012	09:37:27.512275	149.30000000000001	0	1	S	U
11	13000219000107	03/09/2012	09:37:30.756340	149.19999999999999	0	1	S	U
12	13000219000107	03/09/2012	09:37:33.769213	149.09999999999999	0	1	S	U
13	13000219000107	03/09/2012	09:37:36.419577	149.30000000000001	0	1	S	U
14	13000219000107	03/09/2012	09:37:39.071550	149.19999999999999	0	1	S	U
15	13000219000107	03/09/2012	09:37:41.714878	149.09999999999999	0	1	S	U
16	13000219000107	03/09/2012	09:37:44.630785	149.30000000000001	0	1	S	U
17	13000219000107	03/09/2012	09:37:47.279198	149.19999999999999	0	1	S	U
18	13000219000107	03/09/2012	09:37:50.109606	149.09999999999999	0	1	S	U
19	13000219000107	03/09/2012	09:37:53.670620	149.30000000000001	0	1	S	U
20	13000219000107	03/09/2012	09:37:56.752051	149.19999999999999	0	1	S	U
21	13000219000107	03/09/2012	09:37:59.702223	149.09999999999999	0	1	S	U
22	13000219000107	03/09/2012	09:38:02.932111	149.30000000000001	0	1	S	U
23	13000219000107	03/09/2012	09:38:06.008125	149.19999999999999	0	1	S	U
24	13000219000107	03/09/2012	09:38:08.795097	149.09999999999999	0	1	S	U
25	13000219000107	03/09/2012	09:38:11.305127	149.30000000000001	0	1	S	U
26	13000219000107	03/09/2012	09:38:14.063210	149.19999999999999	0	1	S	U
27	13000219000107	03/09/2012	09:38:18.222267	149.09999999999999	0	1	S	U
28	13000219000107	03/09/2012	09:38:23.556219	149.30000000000001	0	1	S	U
29	13000219000107	03/09/2012	09:38:26.321918	149.19999999999999	0	1	S	U
30	13000219000107	03/09/2012	09:38:29.387613	149.09999999999999	0	1	S	U
31	13000219000107	03/09/2012	09:38:32.048232	149.30000000000001	0	1	S	U
32	13000219000107	03/09/2012	09:38:34.821241	149.19999999999999	0	1	S	U
33	13000219000107	03/09/2012	09:38:37.625643	149.09999999999999	0	1	S	U
34	13000219000107	03/09/2012	09:38:41.212753	149.30000000000001	0	1	S	U
35	13000219000107	03/09/2012	09:38:45.252463	149.19999999999999	0	1	S	U
36	13000219000107	03/09/2012	09:38:47.802915	149.09999999999999	0	1	S	U
37	13000219000107	03/09/2012	09:38:50.197962	149.30000000000001	0	1	S	U
38	13000219000107	03/09/2012	09:38:53.687613	149.19999999999999	0	1	S	U
39	13000219000107	03/09/2012	09:38:57.038342	149.09999999999999	0	1	S	U
40	13000219000107	03/09/2012	09:39:01.491616	149.30000000000001	0	1	S	U
41	13000219000107	03/09/2012	09:39:04.280625	149.19999999999999	0	1	S	U
42	13000219000107	03/09/2012	09:39:05.819639	149.34999999999999	0	1	S	U
43	13000219000107	03/09/2012	09:39:14.651210	149.25	0	1	S	U
44	13000219000107	03/09/2012	09:39:17.564983	149.15000000000001	0	1	S	U

S. No	ORDERID	ORDER_DATE	ORDER_TIME	RATE	QTY	AVLQTY	BUY/ SELL	AUDCODE
45	13000219000107	03/09/2012	09:39:20.356167	149.30000000000001	0	1	S	U
46	13000219000107	03/09/2012	09:39:23.378075	149.19999999999999	0	1	S	U
47	13000219000107	03/09/2012	09:39:28.231488	149.09999999999999	0	1	S	U
48	13000219000107	03/09/2012	09:39:30.608071	149.30000000000001	0	1	S	U
49	13000219000107	03/09/2012	09:39:33.101759	149.19999999999999	0	1	S	U
50	13000219000107	03/09/2012	09:39:35.453929	149.09999999999999	0	1	S	U
51	13000219000107	03/09/2012	09:39:37.693787	148.84999999999999	0	1	S	U
52	13000219000107	03/09/2012	09:40:44.534623	148.75	0	1	S	U
53	13000219000107	03/09/2012	09:40:47.599006	148.65000000000001	0	1	S	U
54	13000219000107	03/09/2012	09:40:52.202260	148.55000000000001	0	1	S	U
55	13000219000107	03/09/2012	09:40:55.375841	148.80000000000001	0	1	S	U
56	13000219000107	03/09/2012	09:41:00.709511	148.69999999999999	0	1	S	U
57	13000219000107	03/09/2012	09:41:03.746797	148.59999999999999	0	1	S	U
58	13000219000107	03/09/2012	09:41:06.809682	148.5	0	1	S	U
59	13000219000107	03/09/2012	09:41:11.171898	148.80000000000001	0	1	S	U
60	13000219000107	03/09/2012	09:41:13.960764	148.69999999999999	0	1	S	U
61	13000219000107	03/09/2012	09:41:18.201197	148.59999999999999	0	1	S	U
62	13000219000107	03/09/2012	09:41:22.560011	148.5	0	1	S	U
63	13000219000107	03/09/2012	09:41:26.320960	148.80000000000001	0	1	S	U
64	13000219000107	03/09/2012	09:41:31.404790	148.69999999999999	0	1	S	U
65	13000219000107	03/09/2012	09:41:34.529160	148.59999999999999	0	1	S	U
66	13000219000107	03/09/2012	09:41:37.457846	148.5	0	1	S	U
67	13000219000107	03/09/2012	09:41:43.045586	148.80000000000001	0	1	S	U
68	13000219000107	03/09/2012	09:41:46.245208	148.69999999999999	0	1	S	U
69	13000219000107	03/09/2012	09:41:49.004603	148.59999999999999	0	1	S	U
70	13000219000107	03/09/2012	09:41:51.922215	148.5	0	1	S	U
71	13000219000107	03/09/2012	09:41:56.622906	148.80000000000001	0	1	S	U
72	13000219000107	03/09/2012	09:42:01.357159	148.69999999999999	0	1	S	U
73	13000219000107	03/09/2012	09:42:05.769893	148.59999999999999	0	1	S	U
74	13000219000107	03/09/2012	09:42:08.703111	148.5	0	1	S	U
75	13000219000107	03/09/2012	09:42:11.512142	148.80000000000001	0	1	S	U
76	13000219000107	03/09/2012	09:42:14.136700	148.69999999999999	0	1	S	U
77	13000219000107	03/09/2012	09:42:16.915623	148.59999999999999	0	1	S	U
78	13000219000107	03/09/2012	09:42:19.838114	148.5	0	1	S	U
79	13000219000107	03/09/2012	09:42:25.406799	148.80000000000001	0	1	S	U
80	13000219000107	03/09/2012	09:42:29.045991	148.69999999999999	0	1	S	U
81	13000219000107	03/09/2012	09:42:31.818182	148.59999999999999	0	1	S	U
82	13000219000107	03/09/2012	09:42:34.336715	148.5	0	1	S	U
83	13000219000107	03/09/2012	09:42:37.934907	148.80000000000001	0	1	S	U
84	13000219000107	03/09/2012	09:42:40.463262	148.69999999999999	0	1	S	U
85	13000219000107	03/09/2012	09:42:43.083787	148.59999999999999	0	1	S	U
86	13000219000107	03/09/2012	09:42:45.868909	148.5	0	1	S	U
87	13000219000107	03/09/2012	09:42:48.539944	148.80000000000001	0	1	S	U
88	13000219000107	03/09/2012	09:42:50.934933	148.69999999999999	0	1	S	U
89	13000219000107	03/09/2012	09:42:54.864359	148.59999999999999	0	1	S	U
90	13000219000107	03/09/2012	09:42:59.541911	148.5	0	1	S	U
91	13000219000107	03/09/2012	09:46:49.270192	148.40000000000001	0	1	S	U
92	13000219000107	03/09/2012	09:47:24.665272	148.30000000000001	0	1	S	U
93	13000219000107	03/09/2012	09:47:26.889051	148.19999999999999	0	1	S	U
94	13000219000107	03/09/2012	09:47:29.548116	148.09999999999999	0	1	S	U

S. No	ORDERID	ORDER_DATE	ORDER_TIME	RATE	QTY	AVLQTY	BUY/ SELL	AUDCODE
95	13000219000107	03/09/2012	09:47:34.853788	148	0	1	S	U
96	13000219000107	03/09/2012	09:47:37.342364	147.90000000000001	0	1	S	U
97	13000219000107	03/09/2012	09:47:39.993827	147.80000000000001	0	1	S	U
98	13000219000107	03/09/2012	09:47:44.076953	147.69999999999999	0	1	S	U
99	13000219000107	03/09/2012	09:47:46.425890	147.59999999999999	0	1	S	U
100	13000219000107	03/09/2012	09:47:48.914003	147.5	0	1	S	U
101	13000219000107	03/09/2012	09:47:51.001247	148.75	0	1	S	U
102	13000219000107	03/09/2012	09:47:54.807247	148.65000000000001	0	1	S	U
103	13000219000107	03/09/2012	09:47:57.432723	148.55000000000001	0	1	S	U
104	13000219000107	03/09/2012	09:48:00.640267	148.44999999999999	0	1	S	U
105	13000219000107	03/09/2012	09:48:10.629293	148.34999999999999	0	1	S	U
106	13000219000107	03/09/2012	09:48:34.237455	148.25	0	1	S	U
107	13000219000107	03/09/2012	09:51:18.411786	148.15000000000001	0	1	S	U
108	13000219000107	03/09/2012	09:52:17.045584	148.05000000000001	0	1	S	U
109	13000219000107	03/09/2012	09:52:44.237041	147.94999999999999	0	1	S	U
110	13000219000107	03/09/2012	09:52:47.016456	147.84999999999999	0	1	S	U
111	13000219000107	03/09/2012	09:52:51.072686	147.75	0	1	S	U
112	13000219000107	03/09/2012	09:52:53.703549	147.65000000000001	0	1	S	U
113	13000219000107	03/09/2012	09:52:56.202519	147.55000000000001	0	1	S	U
114	13000219000107	03/09/2012	09:52:58.444319	148	0	1	S	U
115	13000219000107	03/09/2012	09:53:02.318852	147.90000000000001	0	1	S	U
116	13000219000107	03/09/2012	09:53:05.929284	147.80000000000001	0	1	S	U
117	13000219000107	03/09/2012	09:53:08.707028	147.69999999999999	0	1	S	U
118	13000219000107	03/09/2012	09:53:11.184707	147.59999999999999	0	1	S	U
119	13000219000107	03/09/2012	09:53:13.688726	147.5	0	1	S	U
120	13000219000107	03/09/2012	09:53:18.974600	147.90000000000001	0	1	S	U
121	13000219000107	03/09/2012	09:53:21.472900	147.80000000000001	0	1	S	U
122	13000219000107	03/09/2012	09:53:23.967064	147.69999999999999	0	1	S	U
123	13000219000107	03/09/2012	09:53:26.619199	147.59999999999999	0	1	S	U
124	13000219000107	03/09/2012	09:53:29.113232	147.5	0	1	S	U
125	13000219000107	03/09/2012	09:53:31.783798	147.90000000000001	0	1	S	U
126	13000219000107	03/09/2012	09:55:51.218815	147.80000000000001	0	1	S	U
127	13000219000107	03/09/2012	09:55:53.418940	147.69999999999999	0	1	S	U
128	13000219000107	03/09/2012	09:55:55.489324	147.59999999999999	0	1	S	U
129	13000219000107	03/09/2012	09:55:58.009225	147.5	0	1	S	U
130	13000219000107	03/09/2012	09:56:00.232598	147.80000000000001	0	1	S	U
131	13000219000107	03/09/2012	09:56:02.447125	147.69999999999999	0	1	S	U
132	13000219000107	03/09/2012	09:56:04.871859	147.59999999999999	0	1	S	U
133	13000219000107	03/09/2012	09:56:07.458165	147.5	0	1	S	U
134	13000219000107	03/09/2012	09:58:23.311459	147.80000000000001	0	1	S	U
135	13000219000107	03/09/2012	09:58:24.818391	147.69999999999999	0	1	S	U
136	13000219000107	03/09/2012	09:58:26.506530	147.59999999999999	0	1	S	U
137	13000219000107	03/09/2012	09:58:28.152770	147.5	0	1	S	U
138	13000219000107	03/09/2012	09:58:29.816793	147.80000000000001	0	1	S	U
139	13000219000107	03/09/2012	09:58:31.623515	147.69999999999999	0	1	S	U
140	13000219000107	03/09/2012	09:58:33.550992	147.59999999999999	0	1	S	U
141	13000219000107	03/09/2012	09:58:35.221934	147.5	0	1	S	U
142	13000219000107	03/09/2012	09:58:36.886469	147.80000000000001	0	1	S	U
143	13000219000107	03/09/2012	09:58:40.358437	147.69999999999999	0	1	S	U
144	13000219000107	03/09/2012	09:58:42.579905	147.59999999999999	0	1	S	U

S. No	ORDERID	ORDER_DATE	ORDER_TIME	RATE	QTY	AVLQTY	BUY/ SELL	AUDCODE
145	13000219000107	03/09/2012	09:58:44.670450	147.5	0	1	S	U
146	13000219000107	03/09/2012	09:58:47.618038	147.80000000000001	0	1	S	U
147	13000219000107	03/09/2012	09:58:49.843778	147.69999999999999	0	1	S	U
148	13000219000107	03/09/2012	09:58:51.814963	147.59999999999999	0	1	S	U
149	13000219000107	03/09/2012	09:58:54.034326	147.5	0	1	S	U
150	13000219000107	03/09/2012	09:58:56.129317	147.80000000000001	0	1	S	U
151	13000219000107	03/09/2012	09:58:58.890673	147.69999999999999	0	1	S	U
152	13000219000107	03/09/2012	09:59:00.829580	147.59999999999999	0	1	S	U
153	13000219000107	03/09/2012	09:59:04.717932	147.5	0	1	S	U
154	13000219000107	03/09/2012	09:59:06.777026	147.94999999999999	0	1	S	U
155	13000219000107	03/09/2012	09:59:08.714298	147.84999999999999	0	1	S	U
156	13000219000107	03/09/2012	09:59:11.504378	147.75	0	1	S	U
157	13000219000107	03/09/2012	09:59:14.559812	147.65000000000001	0	1	S	U
158	13000219000107	03/09/2012	09:59:17.908575	147.55000000000001	0	1	S	U
159	13000219000107	03/09/2012	09:59:20.126757	147.94999999999999	0	1	S	U
160	13000219000107	03/09/2012	09:59:23.353669	147.84999999999999	0	1	S	U
161	13000219000107	03/09/2012	09:59:25.720213	147.75	0	1	S	U
162	13000219000107	03/09/2012	09:59:28.081134	147.65000000000001	0	1	S	U
163	13000219000107	03/09/2012	09:59:30.160601	147.55000000000001	0	1	S	U
164	13000219000107	03/09/2012	09:59:35.289190	147.94999999999999	0	1	S	U
165	13000219000107	03/09/2012	09:59:37.092150	147.84999999999999	0	1	S	U
166	13000219000107	03/09/2012	09:59:38.902583	147.75	0	1	S	U
167	13000219000107	03/09/2012	09:59:41.573653	147.65000000000001	0	1	S	U
168	13000219000107	03/09/2012	09:59:43.659213	147.55000000000001	0	1	S	U
169	13000219000107	03/09/2012	09:59:45.465813	147.94999999999999	0	1	S	U
170	13000219000107	03/09/2012	09:59:47.576846	147.84999999999999	0	1	S	U
171	13000219000107	03/09/2012	09:59:52.725946	147.75	0	1	S	U
172	13000219000107	03/09/2012	09:59:54.670399	147.65000000000001	0	1	S	U
173	13000219000107	03/09/2012	09:59:56.451058	147.55000000000001	0	1	S	U
174	13000219000107	03/09/2012	09:59:58.283858	147.94999999999999	0	1	S	U
175	13000219000107	03/09/2012	10:00:01.043638	147.84999999999999	0	1	S	U
176	13000219000107	03/09/2012	10:00:02.995600	147.75	0	1	S	U
177	13000219000107	03/09/2012	10:00:04.983538	147.65000000000001	0	1	S	U
178	13000219000107	03/09/2012	10:00:06.800564	147.55000000000001	0	1	S	U
179	13000219000107	03/09/2012	10:00:08.764646	147.94999999999999	0	1	S	U
180	13000219000107	03/09/2012	10:00:11.293110	147.84999999999999	0	1	S	U
181	13000219000107	03/09/2012	10:00:13.571471	147.75	0	1	S	U
182	13000219000107	03/09/2012	10:00:15.395895	147.65000000000001	0	1	S	U
183	13000219000107	03/09/2012	10:00:17.059442	147.55000000000001	0	1	S	U
184	13000219000107	03/09/2012	10:00:18.729379	147.94999999999999	0	1	S	U
185	13000219000107	03/09/2012	10:00:21.371714	147.84999999999999	0	1	S	U
186	13000219000107	03/09/2012	10:00:23.308688	147.75	0	1	S	U
187	13000219000107	03/09/2012	10:00:26.100109	147.65000000000001	0	1	S	U
188	13000219000107	03/09/2012	10:00:29.042705	147.55000000000001	0	1	S	U
189	13000219000107	03/09/2012	10:00:30.860540	147.94999999999999	0	1	S	U
190	13000219000107	03/09/2012	10:00:32.805465	147.84999999999999	0	1	S	U
191	13000219000107	03/09/2012	10:00:35.865702	147.75	0	1	S	U
192	13000219000107	03/09/2012	10:00:37.695638	147.65000000000001	0	1	S	U
193	13000219000107	03/09/2012	10:00:39.617286	147.55000000000001	0	1	S	U
194	13000219000107	03/09/2012	10:00:42.129489	147.94999999999999	0	1	S	U

S. No	ORDERID	ORDER_DATE	ORDER_TIME	RATE	QTY	AVLQTY	BUY/ SELL	AUDCODE
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196	13000219000107	03/09/2012	10:00:47.083486	147.75	0	1	S	U
197	13000219000107	03/09/2012	10:00:49.322008	147.65000000000001	0	1	S	U
198	13000219000107	03/09/2012	10:00:52.243674	147.55000000000001	0	1	S	U
199	13000219000107	03/09/2012	10:00:55.396142	147.94999999999999	0	1	S	U
200	13000219000107	03/09/2012	10:00:57.343020	147.84999999999999	0	1	S	U
201	13000219000107	03/09/2012	10:00:59.138139	147.75	0	1	S	U
202	13000219000107	03/09/2012	10:01:01.780236	147.65000000000001	0	1	S	U
203	13000219000107	03/09/2012	10:01:04.681320	147.55000000000001	0	1	S	U
204	13000219000107	03/09/2012	10:01:06.339444	147.94999999999999	0	1	S	U
205	13000219000107	03/09/2012	10:01:09.389894	147.84999999999999	0	1	S	U
206	13000219000107	03/09/2012	10:01:11.858542	147.75	0	1	S	U
207	13000219000107	03/09/2012	10:01:14.204509	147.65000000000001	0	1	S	U
208	13000219000107	03/09/2012	10:01:16.152650	147.55000000000001	0	1	S	U
209	13000219000107	03/09/2012	10:01:17.940805	147.94999999999999	0	1	S	U
210	13000219000107	03/09/2012	10:01:21.815165	147.84999999999999	0	1	S	U
211	13000219000107	03/09/2012	10:01:24.868487	147.75	0	1	S	U
212	13000219000107	03/09/2012	10:01:26.808255	147.65000000000001	0	1	S	U
213	13000219000107	03/09/2012	10:01:28.770386	147.55000000000001	0	1	S	U
214	13000219000107	03/09/2012	10:01:30.570923	147.94999999999999	0	1	S	U
215	13000219000107	03/09/2012	10:01:32.238981	147.84999999999999	0	1	S	U
216	13000219000107	03/09/2012	10:01:33.903060	147.75	0	1	S	U
217	13000219000107	03/09/2012	10:01:35.287300	147.65000000000001	0	1	S	U
218	13000219000107	03/09/2012	10:01:36.833622	147.55000000000001	0	1	S	U
219	13000219000107	03/09/2012	10:01:38.349249	147.84999999999999	0	1	S	U
220	13000219000107	03/09/2012	10:01:40.019263	147.75	0	1	S	U
221	13000219000107	03/09/2012	10:01:42.386849	147.65000000000001	0	1	S	U
222	13000219000107	03/09/2012	10:01:45.283785	147.55000000000001	0	1	S	U
223	13000219000107	03/09/2012	10:01:47.373434	147.84999999999999	0	1	S	U
224	13000219000107	03/09/2012	10:01:51.375244	147.75	0	1	S	U
225	13000219000107	03/09/2012	10:01:53.311122	147.65000000000001	0	1	S	U
226	13000219000107	03/09/2012	10:01:55.110367	147.55000000000001	0	1	S	U
227	13000219000107	03/09/2012	10:01:57.204671	147.65000000000001	0	1	S	U
228	13000219000107	03/09/2012	10:02:00.788832	147.55000000000001	0	1	S	U
229	13000219000107	03/09/2012	10:02:02.894288	147.65000000000001	0	1	S	U
230	13000219000107	03/09/2012	10:02:04.675844	147.55000000000001	0	1	S	U
231	13000219000107	03/09/2012	10:02:06.898457	147.65000000000001	0	1	S	U
232	13000219000107	03/09/2012	10:02:10.063802	147.55000000000001	0	1	S	U
233	13000219000107	03/09/2012	10:02:12.685147	147.65000000000001	0	1	S	U
234	13000219000107	03/09/2012	10:02:17.664703	147.55000000000001	0	1	S	U
235	13000219000107	03/09/2012	10:02:19.435538	147.65000000000001	0	1	S	U
236	13000219000107	03/09/2012	10:02:21.363015	147.55000000000001	0	1	S	U
237	13000219000107	03/09/2012	10:02:23.290103	147.65000000000001	0	1	S	U
238	13000219000107	03/09/2012	10:02:25.077855	147.55000000000001	0	1	S	U
239	13000219000107	03/09/2012	10:02:26.858338	147.65000000000001	0	1	S	U
240	13000219000107	03/09/2012	10:02:29.719647	147.55000000000001	0	1	S	U
241	13000219000107	03/09/2012	10:02:32.393204	147.65000000000001	0	1	S	U
242	13000219000107	03/09/2012	10:02:34.335941	147.55000000000001	0	1	S	U
243	13000219000107	03/09/2012	10:02:37.086024	147.65000000000001	0	1	S	U
244	13000219000107	03/09/2012	10:02:39.854663	147.55000000000001	0	1	S	U

S. No	ORDERID	ORDER_DATE	ORDER_TIME	RATE	QTY	AVLQTY	BUY/ SELL	AUDCODE
245	13000219000107	03/09/2012	10:02:42.067187	147.65000000000001	0	1	S	U
246	13000219000107	03/09/2012	10:02:44.550097	147.55000000000001	0	1	S	U
247	13000219000107	03/09/2012	10:02:46.620098	147.65000000000001	0	1	S	U
248	13000219000107	03/09/2012	10:02:48.431406	147.55000000000001	0	1	S	U
249	13000219000107	03/09/2012	10:02:51.060367	147.65000000000001	0	1	S	U
250	13000219000107	03/09/2012	10:02:52.848218	147.55000000000001	0	1	S	U
251	13000219000107	03/09/2012	10:02:54.770930	147.65000000000001	0	1	S	U
252	13000219000107	03/09/2012	10:02:56.597853	147.55000000000001	0	1	S	U
253	13000219000107	03/09/2012	10:02:58.687799	147.65000000000001	0	1	S	U
254	13000219000107	03/09/2012	10:03:00.762845	147.55000000000001	0	1	S	U
255	13000219000107	03/09/2012	10:03:02.570274	147.65000000000001	0	1	S	U
256	13000219000107	03/09/2012	10:03:04.380060	147.55000000000001	0	1	S	U
257	13000219000107	03/09/2012	10:03:06.180935	147.65000000000001	0	1	S	U
258	13000219000107	03/09/2012	10:03:08.127562	147.55000000000001	0	1	S	U
259	13000219000107	03/09/2012	10:03:10.189465	147.65000000000001	0	1	S	U
260	13000219000107	03/09/2012	10:03:12.323780	147.55000000000001	0	1	S	U
261	13000219000107	03/09/2012	10:03:14.605493	147.65000000000001	0	1	S	U
262	13000219000107	03/09/2012	10:03:16.294520	147.55000000000001	0	1	S	U
263	13000219000107	03/09/2012	10:03:18.076593	147.65000000000001	0	1	S	U
264	13000219000107	03/09/2012	10:03:20.581234	147.55000000000001	0	1	S	U
265	13000219000107	03/09/2012	10:03:22.226386	147.65000000000001	0	1	S	U
266	13000219000107	03/09/2012	10:03:23.733636	147.55000000000001	0	1	S	U
267	13000219000107	03/09/2012	10:04:41.244049	147.94999999999999	0	1	S	U
268	13000219000107	03/09/2012	10:04:41.442587	147.5	0	1	S	U
269	13000219000107	03/09/2012	10:04:43.766934	147.90000000000001	0	1	S	U
270	13000219000107	03/09/2012	10:04:45.140467	147.65000000000001	0	1	S	U
271	13000219000107	03/09/2012	10:04:49.306153	147.55000000000001	0	1	S	U

3. The arguments made by the Noticees vide their letter dated November 28, 2016 are discussed below:

   i. With respect to trade on March 09, 2012, Nirshilp vide reply dated November 28, 2016 has *inter alia* stated that it executed other trades at lower price which were not included in SCN. Nirshilp had given list of five buy orders placed at rate of lesser than Rs. 147.55 over duration of 10.05.03 to 15.05.52.

Trade No	Order No	Order Time	Client Buy/ Sell	Trade Qty	Market Rate	Market Amount	Trade Time
1002	17000258027623	10.05.53	Buy	1	147.55	147.55	10.05.53
1004	12000253115930	13.38.58	Buy	1	143.55	143.55	14.12.25
1005	12000253128772	14.12.26	Buy	1	143.55	143.55	14.12.26
1011	22000261035914	14.46.38	Buy	1	142.15	142.15	14.50.57
1013	22000261036480	15.05.52	Buy	1	142.25	142.15	15.08.45

ii. That Nirshilp has also claimed that since trades were done during the trade day (March 09, 2012) at lower rate, it showed that it had neither the intention of price manipulation nor any intention to increase LTP nor decrease it;

iii. Further, Nirshilp has also stated that since closing price of AGC on March 09, 2012 was Rs. 142.20, which is lower than the closing price of earlier trade day, therefore self-trade has not led to price increase as alleged in SCN.

4. The aforesaid submissions made by the Noticees does not hold any merit for the following reasons:

i. The fact that Nirshilp through Shailesh Shah had placed and executed subsequent orders at lower prices during the later part of the day, and that the closing price of AGC scrip on March 09, 2012 was lower than the closing price of the earlier trade day, does not in any manner justify self trade caused by Nirship through broker Shailesh Shah in the earlier part of the day on March 09, 2012 by modifying the sell order rate on 271 occasions to reduce the sell rate and then placing an buy order immediately thereafter to match its reduced sell order rate, but, at a price much higher than the last traded price, so as to cause self trade;

ii. This is more so since jobbing or any other purchase / sell activity in securities market has to follow the basic rule viz. buy cheap and sell costly; but here it is observed that the Noticee Nirshilp was clearly buying costly;

iii. Further, as at 10:05:53, when Nirshilp placed a buy order for 1 share at Rs. 147.55 to buy costly on BSE, Nirshilp on NSE had already sold 10 shares at 9:37:02 at sell rate of Rs. 148.55 and bought 1 share at 9:37:19 at buy rate of Rs. 140.55. It is pertinent to mention here that sell of 10 shares on NSE had effected at trade time 9:37:02 and arbitrage is the simultaneous purchase and sale of securities in order to profit from price difference, whereas it is observed that in the instant case the buy order for 1 share on BSE was not placed immediately on execution of trade on NSE, but, much later after the sell order rate on BSE was modified on 271 occasions;

iv. Further, it sans logic to state that Nirshilp's arbitrage algo would have placed a buy order on BSE at Rs. 147.55 at 10:05:53, at a price much higher than the last traded price of BSE which was Rs. 140 and in such a manner so as to exactly match with its sell order rate updated on 271 occasions, in the process reducing the arbitrage profit margin for Nirshilp.

B. Instance 2 – June 08, 2012 (BSE)

1. The supplementary SCN alleged as follows:

   i. That the closing price on June 07, 2012 (previous trading day) was Rs. 217.85. The first trade for the day i.e. on June 08, 2012 happened at trade time 09:15:26.618260 at trade rate Rs. 229.7;
   ii. that on June 08, 2012, Nirshilp had placed a Buy order (19000172065322) for 1 share at 10:37:02.586588, and the said order was updated 15 times (within a minute) to move the buy order rate from Rs. 235.05 to Rs. 238.70;
   iii. That at 10:37:29.055470, a sell order (12000139000787) for 1 share was placed by Nirshilp, which was updated twice up to 10:37:31.185792 (i.e. within 2 seconds) from Rs. 238.65 to Rs. 238.70;
   iv. The buy order rate matched with sell order rate at trade time 10:37:54.692812, when trade for 1 share happened at Rs. 238.70, by increasing the LTP by Rs. 0.05 (0.02%).

2. The details of updation done by Nirshilp with respect to buy order id 19000172065322s and sell order id 12000139000787 for 1 share is as given below:

S. No	ORDERID	ORDER_DATE	ORDER_TIME	RATE	QTY	AVLQTY	BUY/ SELL	AUDCODE
	19000172065322	06/08/2012	10:37:02.586588	235.05	1	1	B	A
	19000172065322	06/08/2012	10:37:14.805081	235	0	1	B	U
	19000172065322	06/08/2012	10:37:18.533514	236.2	0	1	B	U
	19000172065322	06/08/2012	10:37:20.217114	236.3	0	1	B	U
	19000172065322	06/08/2012	10:37:22.063193	236.2	0	1	B	U
	19000172065322	06/08/2012	10:37:23.561520	236.3	0	1	B	U
	19000172065322	06/08/2012	10:37:25.115509	236.4	0	1	B	U

	12000139000787	06/08/2012	10:37:29.055470	238.65	1	1	S	A
	12000139000787	06/08/2012	10:37:29.830179	238.8	0	1	S	U
	12000139000787	06/08/2012	10:37:31.185792	238.7	0	1	S	U
	19000172065322	06/08/2012	10:37:37.572534	236.2	0	1	B	U
	19000172065322	06/08/2012	10:37:39.235735	236.8	0	1	B	U
	19000172065322	06/08/2012	10:37:46.032125	236.9	0	1	B	U
	19000172065322	06/08/2012	10:37:47.214930	237	0	1	B	U
	19000172065322	06/08/2012	10:37:47.885133	236.85	0	1	B	U
	19000172065322	06/08/2012	10:37:49.228928	236.95	0	1	B	U
	19000172065322	06/08/2012	10:37:51.928371	237.05	0	1	B	U
	19000172065322	06/08/2012	10:37:54.125621	237.15	0	1	B	U
	19000172065322	06/08/2012	10:37:54.639180	238.7	0	1	B	U

3. The arguments made by the Noticees vide their letter dated November 28, 2016 are discussed below:
   i. That the price was modified on June 08, 2012 in order to fetch the shares, as trades were not getting executed and since noticee had already placed sell order on NSE, noticee had to buy to maintain the balance;
   ii. That the SCN failed to take note of this fundamental principle behind arbitrage. Further, the price was moved because price movement had occurred on NSE's platform;
   iii. That Notice Nirshilp's modification of the order for one share was purely coincidental and no adverse inference be drawn therefrom.

4. The aforesaid submissions made by the Noticees does not hold any merit for the following reasons:
   i. Prior to placing the buy order on BSE at Rs. 235.05 at 10:37:02:586588, Noticee Nirshilp had sold 31 shares on BSE at an average sell rate of Rs. 234.56 and had also sold 39 shares on NSE at an average sell rate of Rs. 233.55. And against the same, 30 shares were bought on BSE at an average buy rate of Rs.233.72 and 1 share was bought on NSE at average buy rate of Rs. 238.40;
   ii. Thus, placing a buy order at a rate of Rs. 235.05 at 10:37:02.586588 for 1 share and thereafter updating it to Rs. 238.70, does not make any sense whether from the point of jobbing or arbitrage, when it is seen from the above that shares on both Exchanges

BSE and NSE were sold earlier at much lower average price of Rs. 234.56 and Rs. 233.55 respectively;

iii. Arbitrage or jobbing involves cashing in on price difference between the two Exchanges or the buy-sell rates respectively, and not just balancing the quantities any whichever manner;

iv. Further at NSE on June 08, 2012, total orders placed till 10:37:00 were 5,758, out of which Sell order were 2,270. Out of the said 2,270 sell orders, Nirshilp had placed 1,511 Sell orders (66.56%). Hence, it can be seen that Nirshilp was entering 66.56 % sell orders, out of all sell order at NSE for AGC. This further highlights the fact that Nirship's explanation that "since noticee had already placed sell order on NSE, noticee had to buy to maintain the balance." does not hold any merit;

v. It is further pertinent to mention here that on this very day i.e. June 08, 2012, Nirshilp through Shailesh Shah had executed **self trades for 42 shares <u>through 41 self trades in a single trade day on BSE.</u>**

C. Instance 3 – March 20, 2012 (NSE)

1. The supplementary SCN alleged as follows:

i. That it was observed that on March 20, 2012, vide sell order no. 2012032002015755, Nirshilp through Nirpan had placed a sell order for **10 shares** at 11:28:23 at Rs. 157.00 and thereafter modified the sell order rate to Rs. 156.65;

ii. That further, Nirshilp had placed a market buy order no. 2012032002918680 for **1 share** at 12:59:37, and immediately thereafter self trade took place at Rs. 156.65 at 12:59:37;.

iii. That the self-trade of Nirshilp for **1 share** as aforesaid caused a positive LTP difference of Rs. of Rs.2.65 (1.69%), which was the highest positive LTP difference for the day;

iv. That immediately thereafter, Nirshilp at 12:59:39 through Nirpan deleted the pending sell orders for 9 shares.

2. The details of updation done by Nirshilp with respect to sell order id 2012032002015755 for 10 shares is as given below:

sell_last_mod_time	Sell limit Price
11:29:06	157.4500000
11:30:36	157.3500000
11:36:55	156.9500000
11:42:49	156.8500000
11:42:53	156.7500000
12:59:37	156.6500000

3. Noticees vide their letter dated November 28, 2016 have stated that the purported self trade through broker Nirpan for 1 share which resulted in positive LTP difference of Rs.2.65, being highest for the day, was purely coincidental.

4. The aforesaid submission made by the Noticees does not hold any merit for the following reasons:
   i. It is observed from a perusal of NSE's trade log for March 20, 2012 that from trade time 11:30:36 to trade time 12:58:01, i.e. the last trade prior to the instant trade, trade price was fluctuating between Rs. 153.1 to Rs. 154.05. Despite the same, Nirship placed a market buy order for 1 share at 12:59:37, so as to match with its modified sell order rate to cause self trade;
   ii. This is more so since jobbing or any other purchase / sell activity in securities market has to follow the basic rule viz. buy cheap and sell costly; but here it is observed that the Noticee Nirshilp was clearly buying costly;
   iii. Further, the fact that as soon as the self trade occurred at 12:59:37, Nirshilp through Nirpan deleted the balance sell order of 9 shares immediately thereafter at 12:59:39, only strengthens the fact that the sell order for 10 shares was placed by Nirship on NSE with an clear intent to cause self trade and self trade was not just by coincidence as claimed by the Noticees.

D. Instance 4– May 31, 2012 (NSE)

1. The supplementary SCN alleged as follows:
   i. That on May 31, 2012, at 10:16:00, vide buy order no. 2012053100847513, Nirshilp had placed a buy order for 5 shares at Rs. 221.15. At 10:22:32, Nirshilp lowered the buy order rate to Rs. 214.20;
   ii. That at 10:22:32, vide sell order no. 2012053100904651, Nirshilp through Nirpan placed a market sell order for 1 share.
   iii. That as a result, at trade time 10:22:32, self-trade for 1 share occurred whereby buy order no. 2012053100847513 matched sell order no. 2012053100904651 at Rs. 214.20, bringing down the price of the AGC scrip by Rs. 6.95 (-3.24%). The last trade had taken place at 10:16:01 at trade price Rs. 221.15 for 50 shares. Despite the same, Nirshilp had placed a market sell order on one hand while simultaneously lowering its buy order rate on the other hand, so as to cause self-trade.
   iv. That further, it was observed that at 9:23:20, vide sell order no. 2012053100232322, Nirshilp had placed a sell order for 1 share at Rs. 217 and modified the said sell order rate on 33 occasions from 9:24:06 up to 10:22:32 to bring down the price to Rs. 213.60 in the manner shown in the Table 1 below. This is despite the fact that the trades in AGC scrip were taking place in the range between Rs. 221.15 to Rs. 220 prior to 10:22:32, i.e. before Nirshilp's orders as aforesaid caused self trade by reducing the price of the scrip by Rs. 6.95 (-3.24%);
   v. That as a result second self-trade for 1 share also occurred at trade time 10:22:32 at Rs. 214.20, as buy order no. 2012053100847513 for 5 shares matched sell order no. 2012053100232322;
   vi. That, thus, two simultaneous self trades for 1 share each took place almost at the same trade time i.e. 10:22:32;
   vii. That immediately thereafter at 10:22:33, Nirshilp deleted balance 3 shares out of buy order no. 2012053100847513. Thus, it again becomes clear that the buy and sell orders as aforesaid were placed with intent to cause self-trade;

2. The manner in which sell order no. 2012053100232322 was modified by Nirshilp on 33 occasions from 9:24:06 up to 10:22:32 to bring down the price from Rs. 217 to Rs. 213.60 is shown in Table 1 below. The details of the two self trades that took place at 10:22:32 are at Table 2 below:

Sell Order Date	Sell Order No.	Sell Order First Entry Time	Sell Order Modification Time	Sord_act_type	Sell Order Entry Price	Sell Order Modified Price	Sell Order Original Volume	Sell Order Modified Volume
05/31/2012	2012053100232322	9:23:20		1	217		1	NA
05/31/2012	2012053100232322		9:24:06	4		224.65		0
05/31/2012	2012053100232322		9:26:18	4		224.45		0
05/31/2012	2012053100232322		9:54:51	4		224.35		0
05/31/2012	2012053100232322		9:54:55	4		223.95		0
05/31/2012	2012053100232322		9:55:01	4		223.85		0
05/31/2012	2012053100232322		9:55:04	4		223.65		0
05/31/2012	2012053100232322		9:55:10	4		223.55		0
05/31/2012	2012053100232322		9:55:11	4		223.6		0
05/31/2012	2012053100232322		9:55:23	4		223.5		0
05/31/2012	2012053100232322		9:55:28	4		223.85		0
05/31/2012	2012053100232322		9:55:48	4		223.7		0
05/31/2012	2012053100232322		9:55:51	4		223.9		0
05/31/2012	2012053100232322		9:56:10	4		223.8		0
05/31/2012	2012053100232322		9:58:31	4		223.65		0
05/31/2012	2012053100232322		9:58:32	4		223.85		0
05/31/2012	2012053100232322		9:58:45	4		223.8		0
05/31/2012	2012053100232322		10:02:08	4		223.75		0
05/31/2012	2012053100232322		10:13:54	4		223.85		0
05/31/2012	2012053100232322		10:13:58	4		223.75		0
05/31/2012	2012053100232322		10:15:58	4		223.7		0
05/31/2012	2012053100232322		10:16:00	4		225.6		0
05/31/2012	2012053100232322		10:16:02	4		224.3		0
05/31/2012	2012053100232322		10:16:03	4		225.6		0
05/31/2012	2012053100232322		10:16:37	4		224.25		0
05/31/2012	2012053100232322		10:16:46	4		225.6		0
05/31/2012	2012053100232322		10:16:47	4		224		0
05/31/2012	2012053100232322		10:16:49	4		223.95		0
05/31/2012	2012053100232322		10:16:53	4		223.85		0
05/31/2012	2012053100232322		10:16:57	4		225.6		0
05/31/2012	2012053100232322		10:16:58	4		224		0
05/31/2012	2012053100232322		10:17:00	4		223.95		0
05/31/2012	2012053100232322		10:22:32	4		223.85		0
05/31/2012	2012053100232322		10:22:32	2		213.6		0

Table 1

Buyer / SELLER NAME	BUY ORDER NO	SELL ORDER NO	BUY ORDER TIME	SELL ORDER TIME	TRADE TIME	Trade Price	LTP DIFF IN Rs.	LTP DIFF IN %	TRADE QTY	BUY ORIG VOL	SELL ORIG VOL
NIRSHILP	2012053100847513	2012053100904651	10:16:00	10:22:32	10:22:32	214.2	-6.95	-3.24	1	5	1
NIRSHILP	2012053100847513	2012053100232322	10:16:00	9:23:20	10:22:32	214.2	0	0	1	5	1

Table 2

3. The Noticees have *inter alia* contended that they had no malafide intentions whatsoever to cause the self trades.

4. However, as explained aforesaid, it becomes crystal clear that that the buy and sell orders were placed with a clear intent to execute self-trades. It can be observed that the sell order rate was brought down from Rs.223.85 to Rs.213.60 at 10:22:32, i.e. the very time when the buy order was brought from Rs. 221.15 to Rs. 214.20. Besides on the same day i.e. May 31, 2012, on NSE, the Noticees had bought 17 shares and sold 4 shares and in the process executed 4 self-trades on a single day.

29. Self-trades, which implies trades in which both buyer and the seller are the same party and does not result in change of beneficial ownership, are fictitious in nature, and, they create artificial volumes in the scrip.

30. I find that the Noticees have stated that in an automated system, if order is placed for 10 quantity and order gets executed for 2 quantity, then system will cancel the order for 8 quantity and will not proceed with the new order, till the 2 quantity is squared off on other exchange to create an arbitrage position. However, it has been demonstrated through the above paras as to how the orders have not been placed for arbitrage purpose, but, with a clear intent to cause self trade by moving the price of the scrip either up or down. Further, though the Noticees have stated that all the alleged trades were executed at real prevailing market price, the aforesaid paras clearly demonstrate how the self trades were not mere coincidence, and were executed at prices that were far removed from the LTP.

31. In consideration of all of the above, I am of the view that the facts of the present case clearly brings out a case of placing fictitious trades for 438 shares by Nirshilp. I also note that Nirpan and Shailesh Shah on NSE and BSE respectively acted as both broker and counterparty broker for the above trades. Further, on a detailed analysis, as has been brought out through the above paras, it stands established that Nirshilp through brokers viz. Nirpan and Shailesh Shah was creating artificial volumes in the AGC scrip in the range of 8% to 19% of the total market volume on both Exchanges NSE and BSE. It is also observed that self trades of Nirshilp occurred on 72 out of the 112 trade days for which Nirshilp traded on BSE, i.e. 64.28% and 55 out of the 98 trade days for which Nirshilp traded on NSE, i.e. 56.12%. Further, on trade date June 08, 2012, Nirshilp through Shailesh Shah had executed self trades for 42 shares through 41 self trades in a single trade day on BSE.

32. I note that ***the Hon'ble Securities Appellate Tribunal (SAT), in the case of Anita Dalal vs. SEBI (Order dated December 03, 2012)*** has held that:

"*7. The appellant has been found guilty of self trade as well. Self trades admittedly are illegal. This Tribunal has held in several cases that self trades call for punitive action since they are illegal in nature. In Jayantilal Khandwala & Sons Pvt. Ltd. vs. Securities and Exchange Board of India (Appeal no. 24 of 2011 decided on June 8, 2011) this Tribunal has held that "one cannot buy and sell shares from himself. Such transactions are obviously fictitious and meant only to create false volumes on the trading screen of the exchange*."

33. Further, in the matter of ***M/s Marwadi Shares and Finance Limited Vs SEBI*** (***SAT Date of decision: 26.07.2012),*** the Hon'ble SAT has made the following observation;

"Coming to the merits of the case, we are of the view that the order passed by the adjudicating officer needs to be upheld. It is not in dispute that the appellant traded in the scrip of the company on behalf of Nathani group entities for period of 101 trading days during the investigation period. 200 trades involving 318 shares were alleged to be fictitious, the buy clients and the sell clients being the same. Out of these 200 fictitious trades, 197 trades were executed with traded quantity of one share where the buying and

selling party was the same. ***Self trades, by their very nature, are fictitious.*** *The argument of the appellant that these trades were entered into 'to test the waters' or 'to make price discovery' cannot be accepted as one share traded, which is also a self trade, can never result in any genuine price discovery. There were 197 such one share self trades executed on 88 trading days.* ***It is not a small number and could have easily been detected by the appellant with due diligence.*** *Self trade can never serve the purpose 'to test the waters' for price discovery. The one share traded which is also a self trade can never result in any genuine price discovery.* ***There were 197 such one share self trades which is not a small number and which could easily have been and ought to have been detected by the appellant****."* (Emphasis supplied)

34. Similarly, in the extant case, most of the self trades are one share self trade. The Noticees have argued that the self trades got executed unintentionally when they were doing arbitrage transactions between BSE and NSE. However, it has been demonstrated how the trades of Nirshilp that caused self trades were not arbitrage transactions and that the Noticees are only trying to cover up the self trades intentionally carried out, by claiming them to be arbitrage transactions. In fact, self trades executed by Nirshilp through brokers Shailesh Shah and Nirpan by buying shares at a higher price and selling at a lower price, clearly show that the trades executed were not even normal trades, leave aside arbitrage trades.

35. I find here that the ***Hon'ble SAT vide Order dated October 01, 2014 in Angel Broking Pvt. Ltd. (ABPL) Vs. SEBI*** , while upholding the penalty of Rs. 20 lakhs imposed by the Adjudicating Officer on ABPL has held that –

"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."

Further, vide its Order dated January 8, 2015, the Supreme Court stated that it found no ground to interfere with the above Order of the Tribunal.

36. **Thus, it is observed that the facts of the present case clearly brings out instances of placing fictitious trades for 438 shares by Nirshilp through Nirpan** and **Shailesh Shah during the investigation period. Further, out of 227 self-trades (228 Shares) on 72 trading days on BSE, 115 self-trades for 116 shares were from the same terminal id. Similarly, on NSE, out of 194 self-trades (210 shares) on 55 trading days, 30 self-trades for 30 shares were from the same terminal id. Besides, on an overall total basis, Nirshilp was deleting about 75.8% (Buy side)** and **69.84% (Sell side) of its Added Orders on BSE and about 87.19% (Buy side)** and **97.35%(Sell side) of its Added Orders on NSE. This further supports the case of placing fictitious trades.**

37. Section 12A(a), (b) and (c) of the SEBI Act prohibit the use of any manipulative or deceptive device or any scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognized stock exchange. Further, engaging 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 recognized stock exchange, in contravention of the provisions of the SEBI Act or the rules or the regulations made thereunder is also prohibited. Regulation 3 of PFUTP Regulation prevents any person from buying, selling or dealing in securities in fraudulent manner, use or employ any manipulative or deceptive device in contravention to the provisions of the Act, employ any device, scheme or artifice to defraud in connection with dealing in securities or engage in any act, practice, course of business which operates as fraud or deceit upon any person in connection with any dealing in or issue of securities. Regulation 4(1) of PFUTP Regulation lays down that no person shall indulge in a fraudulent or an unfair trade practice in securities. Regulation 4(2)(g) of PFUTP Regulation *inter alia* prohibits

entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security. Clause A (3) of Code of Conduct in the Stock Brokers Regulations states that a 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 Clause A (4) of Code of Conduct in the Stock Brokers Regulations states that a stock-broker shall not create false market or indulge in any act detrimental to the investors' interest or which leads to interference with the fair and smooth functioning of the market. Further, Clause A (3) of Code of Conduct in the Stock Brokers Regulations states that a stock-broker must abide by all the provisions of the SEBI 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.

38. The submission made by the Noticees can't suffice for their inability and non-complicity in the aforesaid transactions and can't establish that they were not guilty of the violation of the aforementioned allegations. Therefore, I don't find the explanations of the Noticees satisfactory. Further, Nirpan and Shailesh Shah being a stock broker, understands the implications of their actions well, and, should have been vigilant enough so as to avoid the trades of Nirshilp through Nirpan and Shailesh Shah from resulting in self-trades. Every broker has the responsibility to abide by the SEBI Act and Rules and Regulations framed thereunder. Thus, the Noticees cannot absolve from their liabilities on the ground of *"mere coincidence"* especially when self trades were happening at large deviation from the last traded price in an illiquid scrip.

39. I find that the Noticees have also prayed that the facts in the case at hand are substantially similar to the Adjudication Proceedings in the matter of ESS Dee Aluminum Ltd, wherein the Adjudication Proceedings against Nirshilp was disposed of without any penalty vide an Order dated March 9, 2018. I find that in the said Order, the concerned Adjudicating Officer observed that in matters pertaining to self trades, it is necessary to establish that *inter alia* there was an intent to manipulate the market. The Adjudicating Officer in the cited matter found that the self trades were not executed with any manipulative intent. Contrary to the

same, in the present matter the intent of the Noticee Nirshilp to cause self trades in the scrip of AGC has been clearly established through certain instances demonstrated in the earlier part of this order. In view of the same, I am unable to accept the plea of the Noticees.

40. Further, in the same matter, the concerned Adjudication Order had imposed a penalty of Rs. 11,00,000/- vide Order dated March 27, 2015 on Shailesh Shah. The Noticee Shailesh Shah has submitted that they had dealt for Nirshilp in the cited matter, and based on the findings in the Order dated March 9, 2018 pertaining to Nirshilp, it had preferred an appeal to SAT in the matter. The Tribunal, vide its Order dated June 13, 2018 has set aside the Order of the Adjudicating Officer dated March 27, 2015. Shailesh Shah has stated that given the similarity of facts in the matter at hand and in the matter of ESS Dee Aluminum Ltd, they be discharged from the adjudication proceedings in the matter of AGC. However, as noted above, unlike the cited matter of ESS Dee Aluminum Ltd, in the present matter the intent to cause self trades in the scrip of AGC has been clearly established through certain instances demonstrated in the earlier part of this order. In view of the same, I am unable to accept the plea of the Noticees.

41. The Noticees, I find, have also cited the Order of the Adjudicating Officer in the matter of Suraj Ltd. dated June 30, 2017 wherein the AO has drawn reference to the order of Hon'ble SAT in the matter of Ketan Parekh Vs SEBI (Appeal no. 2 of 2004, date of decision- July 14, 2006), wherein the Tribunal has *inter alia* observed that

    "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".

    At the very outset, I note that the cited case does not pertain to self-trades. Further, as noted above, the analysis of the self trades of Nirshilp has shown that the self trades did not occur simply as a coincidence, but rather that there was a concerted effort to match buy orders of Nirshilp with its own sell orders and vice versa. In view of the same, I am of the view that the intent to execute self trades has been clearly brought out in the matter at hand.

42. The Noticees have also sought to rely upon the Order of the Adjudicating Officer in the matter of Unitech Ltd. dated June 19, 17 wherein it is inter alia observed that

"If the manipulation or intent can be established the same may be proceeded with as approved. However, if no intent or manipulation is evident from the case and the only charge is mere occurrence of self trades, then the entity may be exonerated by the quasi judicial authority."

I am of the view that the intention and manipulation to execute self trades has been plainly established in the present matter and hence it becomes imperative to proceed accordingly.

43. The Noticee has further cited the Order of the Adjudicating Officer in the matter of MIC Electronic Ltd. dated February 22, 2017 wherein it is inter alia observed that

"Since it is not established that Noticee 1 had entered into self trades repetitively to create artificial volume in the scrip, there is no case to draw any adverse inference ..".

Here too, I find that the cited matter does not apply to the case at hand as the pattern of trading as brought out in previous paragraphs establishes that the self trades were executed wittingly herein.

44. The Noticees have also cited the Order of the Adjudicating Officer in the matter of MIC Electronics Ltd. dated February, 2017 wherein it is inter alia observed that

"It is therefore important to analyse whether intention to manipulate or commit fraud is present ..".

The aforesaid AO order has also drawn reference to the order of Hon'ble SAT in the matter of KSL and Industried Ltd. Vs SEBI vide appeal no. 9/2003 wherein SAT held that

"A wild allegation of market manipulation, in particular the charges of fraudulent action unsupported with convincing evidence are not sustained."

However, I am of the considered view that the charges have established by analyzing the self trades, which clearly brings out the intention to manipulate.

45. The Noticees have further cited the Order of the Adjudicating Officer in the matter of Gayatri Projects Ltd. dated April 30, 2014 wherein it is inter alia observed that

" … in the instant case, the evidence and material available on record is insufficient to hold that the trades executed by the Noticee no. 1 to 4 had created artificial volume in the scrip)"

The Noticee has also cited the Order of the Adjudicating Officer in the matter of Wockhardt Ltd. dated February 14, 2013 wherein it is inter alia observed that

"the corroborative evidences available on record are insufficient to substantiate that the trades executed by the Noticee are fraudulent or manipulative".

However, the evidence in the matter at hand are sufficient to bring out the intention to carry out self trades, and hence the aforementioned cases as cited cannot apply to the present case.

46. Further, the usual rule of thumb is that jobbing or any other purchase / sell activity in securities market has to follow the basic rule viz. buy cheap and sell costly to earn a profit. The same was also observed by the ***Hon'ble SAT in the matter of Angel Broking Ltd. (Order dated October 1, 2014).*** Nirshilp vide its reply dated November 28, 2016has *inter alia* argued that Exchange's anonymous trading platform allowed Nirshilp to place simultaneous buy and sell orders to get advantage of intra-day price movement in a scrip, but, without knowing that the orders might get matched. However, as demonstrated in the earlier paras of the Order, it is observed that Nirshilp through Nirpan and Shailesh Shah was placing/ updating buy/ sell orders to match its own sell/ buy orders on the same Exchange. Further, the fact that more than 95% of trades executed by Nirshilp were for 1 quantity shares, defies the logic of arbitrage. This is because arbitrage is the process of simultaneous buying and selling of an asset from different platforms, exchanges or locations to cash in on the price difference, which is usually small in percentage terms. Hence, it becomes important that the price difference i.e. net pay off from the trade should be large enough to cover the costs involved in executing the trades (i.e. transaction costs), otherwise it would not make any sense for the trader to initiate the arbitrage trade in the first place.

47. Further, though Nirshilp has stated that self-trades had occurred without any malafide intention, detailed analysis of a few instances of self-trades brought out in the earlier paras of this order indicate that these self-trades had not occurred due to mere coincidences. Also, it is observed that remaining part of the buy/ sell order that did not match as intended was immediately deleted thereafter within a few seconds. This coupled with the fact that self-trade was not a solitary instance, but, had occurred repeatedly on 72 trade days on BSE and 55 trades days on NSE during the investigation period and involved 421 trades, should have alerted the brokers viz. Nirpan and Shailesh Shah. Thus, I am unable to accept the argument of the Noticees that the self-trades which got executed were mere coincidences while they were trying to take advantage of intra-day price movements resulting out of normal trading/ jobbing/ arbitrage transactions.

48. The premise that brokers viz. Nirpan and Shailesh Shah were not vigilant enough gets further strengthened from the fact that:

- → Shailesh Shah did not get alerted despite the fact that Nirshilp had executed on BSE, 41 self trades in a single day and more than 10 self trades in a single day on 4 trade days;
- → Also, Shailesh Shah did not get alerted despite the fact that Nirshilp's self-trades on BSE comprised 100% of sell trades on 2 trade days, more than 50% of sell trades on 7 trade days and more than or equal to 10% of its buy trades on 29 trade days;
- → Similarly, Nirpan did not get alerted despite the fact that Nirshilp had executed 13 self trades in a single day on NSE;
- → Also, Nirpan did not get alerted despite the fact that on 11 trade dates, Nirshilp's self-trades on NSE were more than 10% of its buy trades and they were more than 10% of its sell trades on 15 trade dates;
- → Also, the fact that Nirshilp was deleting most of its Added Orders/ Volumes, too did not raise a red flag with Nirpan and Shailesh Shah.

49. In the extant case, I find that even a bare look at these transactions being executed by Nirshilp in an illiquid scrip, would have alerted any broker who is vigilant and acted as a 'red flag'. I find here that detailed analysis of a few orders brought out in the earlier paras of this Order, demonstrates that in case of balance unexecuted shares, if any, which did not result in self-trades, Nirshilp was observed to be immediately deleting such balance quantity. However, despite the same, Nirpan and Shailesh Shah failed to notice the same. Such failure on part of Nirpan and Shailesh Shah tantamount to negligence and lack of caution, and therefore violation of the Code of Conduct for Stock Brokers.

50. Thus, in the extant case in light of the facts of the case and material available on record, I find that Nirshilp executed self-trades which created artificial volume in the scrip of AGC, leading to false and misleading appearance of trading of the scrip in the securities market, and thus violated Regulation 3(a), (b), (c) (d), 4 (1), 4(2) (g) of the PFUTP Regulations. Similarly, Nirpan and Shailesh Shah as a brokers failed to carry out its business in terms of Clause A(3), A(4) and A(5) of Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of the Stock Brokers Regulations for the transactions as aforesaid carried out by it on behalf of Nirshilp.

51. In view of the facts established as above, the next issue for consideration is what would be the monetary penalty that can be imposed on Nirshilp for the violation of Sections 12A (a), (b), (c) of SEBI Act, 1992 read with Regulation 3 (a), (b), (c) (d), 4 (1), 4(2) (g) of the PFUTP Regulations. Also what could be the monetary penalty that can be imposed on Nirpan and Shailesh Shah for the violation of clause A(3), A(4) and A(5) of Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of the Stock Brokers Regulations. The Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…".*

52. Thus, the aforesaid violations by Nirpan and Shailesh Shah makes them liable for penalty under Section 15 HB of the SEBI Act and that of Nirshilp makes it liable under Section 15HA of SEBI Act which read as follows:

"15HA** - **Penalty for fraudulent and unfair trade practices

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

15HB - Penalty for contravention where no separate penalty has been provided

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 may extend to one crore rupees."

53. While determining the quantum of penalty under sections 15HA and 15HB of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, 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."

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

54. It is difficult, in cases of such nature, to quantify exactly the disproportionate gains or unfair advantage enjoyed by an entity and the consequent losses suffered by the investors. I have noted that the investigation report also does not dwell on the extent of specific gains made by the clients or brokers. However, I find that the Nirshilp by executing self-trades, which implies the trades in which both buyer and seller are the same party and does not result in change of beneficial ownership, created artificial volumes and a misleading appearance of trading in the AGC scrip, thereby sending wrong signal to the lay investors about trading in the scrip. Self trades are, hence, considered to be serious violation, even in the absence of noticeable market effect, because they do not reflect the forces of supply and demand and give a false impression with respect to market liquidity. Besides, I find that such self-trades by Nirshilp were 438 shares (3.15% of total traded quantity by Nirshilp through the brokers Nirpan and Shailesh Shah). Such self-trades were observed to have been executed on 72 (on BSE) and 55 (on NSE) trade days during the investigation period and involved 421 self trades.

55. I note that person found to be guilty of violating PFUTP Regulations can be imposed a penalty of Rs. 25 crore or three times the amount of profit made, whichever is higher, under Section 15HA of the SEBI Act and person found guilty of any regulations where no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees, under Section 15HB of the SEBI Act.

56. Detailed analysis brought out in the Order, of the orders placed by Nirshilp through Nirpan and Shailesh Shah that resulted in self trades, dismisses the Noticees' version made through its various submissions that the transactions were normal jobbing/ arbitrage transactions. On the contrary, it clearly demonstrates beyond reasonable doubt that Nirshilp knowingly engaged in execution of self trades. Further that Nirpan and Shailesh Shah failed to abide by the SEBI Act and the Rules and Regulations framed thereunder and their lack of vigilance led to creation of fictitious and deceptive trading. I find that this is sufficient to prove that Nirshilp created a false or misleading appearance of trading in violation of Sections 12A (a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c) (d), 4(1), 4(2) (g) of PFUTP Regulations and

Nirpan and Shailesh Shah failed to comply with Regulation 7 read with Clause A (3), A (4) and A (5) of Code of Conduct for Stock Brokers as specified in Schedule II of the Stock Brokers Regulations.

57. Further, it is apparent from the case laws referred above that self trades are, ordinarily and of their nature, baneful practices which will, invariably, have the purpose and, often, the effect of interfering with the integrity of securities market, even though such self trades may be miniscule in quantity. This sort of activity is, therefore, rightly considered to be illegal, and justifiably so. Also, vide ***Order dated October 22, 2013, the Hon'ble Securities Appellate Tribunal (SAT) while upholding the Order passed by the Whole Time Member in the matter of Angel Broking Pvt. Ltd.*** (hereinafter referred to as **'ABL'**) h*as held that the argument that the turnover in Sun Infoway Ltd. scrip was miniscule compared to the large turnover of the appellant and hence penalty need not be imposed against ABL cannot be accepted, because imposition of penalty for violating provisions of SEBI Act and regulations made thereunder are not dependent upon total turnover of person violating the provisions of SEBI Act/ regulations made thereunder. The Hon'ble SAT has opined that one who has violated the provisions of SEBI Act and regulations made thereunder, must suffer even if turnover in the scrip in which violations are found is miniscule compared to the total turnover of that person. "*

58. In the instant case, I find that Nirshilp through Nirpan and Shailesh Shah has executed such an illegal operation for 438 shares which involved 421 self trades in the scrip of AGC. The conduct of Nirshilp in the AGC scrip was thus, detrimental to the smooth functioning of the securities market, and hence, deserve to be viewed seriously. Also, I find that it is the primary responsibility of a stock broker to ensure that deceptive trades are not carried out. Since Nirpan and Shailesh Shah failed in discharging that duty, I am of the view that the same too deserves to be viewed seriously.

ORDER

59. After taking into consideration all the facts and circumstances of the case, I impose a penalty of **Rs.10,00,000/- (Rupees Ten Lakh lakhs only**) on **Noticee Nirshilp Securities Pvt. Ltd.** under Section 15 HA of the SEBI Act for violation of Sections 12A (a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c) (d), Regulation 4(1) and Regulation 4(2) (g) of the PFUTP Regulations, and of **Rs.10,00,000/- (Rupees Ten Lakh lakhs only**) on **Noticee Shailesh Shah Securities Pvt. Ltd.** and **Rs.5,00,000/- (Rupees Five Lakh lakhs only**) **on Noticee Nirpan Securities Pvt. Ltd.** under Section 15 HB of the SEBI Act for their violation of clause A (3), A (4) and A (5) of Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of Stock Brokers Regulations, which will be commensurate with the violations committed by the Noticees.

60. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer	
Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No.	31465271959

61. The Noticees shall forward the said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department, SEBI. The Format for forwarding details / confirmations of e-payments made to SEBI shall be in the form as provided at Annexure A of Press Release No. 131/2016 dated August 09, 2016 shown at the SEBI Website which is produced as under:

1. Case Name :	
2. Name of Payee:	
3. Date of payment:	
4. Amount Paid:	
5.Transaction No:	
6. Bank Details in which payment is made:	
7.Payment is made for: (like penalties/disgorgement/recovery/Settlement amount and legal charges along with order details):	

62. In terms of rule 6 of the Rules, copies of this order are sent to the Noticees and also to the Securities and Exchange Board of India.

Date: December 3, 2018 **Anita Kenkare**

Place: Mumbai **Adjudicating Officer**