



**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[ADJUDICATION ORDER NO. Order/JS/VC/2025-26/32151]**

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**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992  
READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA  
(PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.**

**In respect of:**

**Tarang Stock Broking Services Private Limited  
(PAN: AAAC9338E)**

**In the matter of dealings in Illiquid Stocks Options on BSE**

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**BACKGORUND OF THE CASE**

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) observed large scale reversal of trades in the Illiquid Stock Options (hereinafter also referred to as “**ISO**”) on BSE Ltd. (hereinafter referred to as “**BSE**”) leading to creation of artificial volume. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in ISO on BSE for the period starting from April 1, 2014 to September 30, 2015 (hereinafter referred to as “**IP**”).
2. Investigation by SEBI revealed that during the IP, a total of 2,91,744 trades comprising 81.41% of all the trades executed in stock options segment of BSE were trades involving reversal of buy and sell positions by the clients and counterparties in a contract. In these trades, entities reversed their buy or sell position in a contract with subsequent sell or buy position with the same counterparty. These reversal trades were alleged to be non-genuine as they lacked basic trading rationale and allegedly portrayed false or misleading appearance of trading leading to creation of artificial volume in those contracts. In view of the same, such reversal trades were alleged to be deceptive and manipulative in nature.



3. During the IP, 14,720 entities were found to have executed non-genuine trades in BSE's stock options segment. It was observed that Tarang Stock Broking Services Private Limited. (hereinafter referred to as the "**Noticee**") was one of the entities who indulged in execution of reversal trades in stock options segment of BSE during the IP. Noticee's trades were alleged to be non-genuine in nature which created false or misleading appearance of trading in terms of artificial volumes in stock options. Therefore, its trades were alleged to be manipulative and deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for alleged violation of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

#### **APPOINTMENT OF ADJUDICATING OFFICER**

4. Pursuant to transfer of the case from erstwhile Adjudicating Officer (hereinafter referred to as "**AO**"), the undersigned was appointed as AO in the matter vide order dated April 03, 2025, under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "**SEBI Act**") read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Rules**"), to inquire into and adjudge under the provisions of section 15HA of the SEBI Act for the alleged violations by the Noticee.

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

5. A Show Cause Notice dated August 06, 2022 (hereinafter referred to as "**SCN**") was issued to the Noticee under rule 4(1) of Rules to show cause as to why an inquiry should not be held and penalty, if any, should not be imposed upon it for the alleged violations of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations.
6. In reply thereof, Noticee vide e-mail dated May 02, 2023, informed that it had already paid the penalty imposed by AO in the instant matter against PAN- AAAC9338F of the Noticee vide Order dated May 22, 2019.



## CONSIDERATION OF ISSUES AND FINDINGS

7. I have perused the allegations levelled against the Noticee in the SCN and the material available on record. In the instant matter, the following issues arise for consideration and determination:
- I. Whether the Noticee violated the provisions of regulations 3(a), (b), (c), (d) and 4(1) and 4(2)(a) of PFUTP Regulations?
  - II. Do the violations, if any, on part of the Noticee attract monetary penalty under section 15HA of SEBI Act?
  - III. If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?
8. Before proceeding further, it is pertinent to refer to the relevant provisions of PFUTP Regulations which are alleged to have been violated by the Noticee, as under:

### ***“3. Prohibition of certain dealings in securities***

*No person shall directly or indirectly –*

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognised stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognised 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 recognised 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; -*
- (3) indulging in an act which creates false or misleading appearance of trading in the securities market;”*



**Issue No. 1: Whether the Noticee violated the provisions of regulations 3(a), (b), (c), (d) and Regulation 4(1) and 4(2)(a) of PFUTP Regulations?**

9. Before proceeding to the merits of the case, it is appropriate to refer to the submissions made by the Noticee during the course of the proceedings. It is noted that vide e-mail dated May 02, 2023, Noticee had informed that it had paid the penalty earlier imposed by AO vide Order dated May 22, 2019 for PAN: AA ACT9338F.
10. Therefore, clarification/comments were sought from the concerned department of SEBI. In response, the concerned department of SEBI, *inter alia*, informed that the action on Noticee was initiated separately against two PANs, viz., AA ACT9338F and AA ACT9338E having the same name, viz., Tarang Stock Broking Services Private Limited. Further, both PAN numbers of Noticee (PAN: AA ACT9338F and AA ACT9338E) are similar except last alphabet. Accordingly, the UCC details were sought by SEBI from BSE for both the PAN numbers. It was observed that both the PAN, i.e., AA ACT9338F and AA ACT9338E had same name, i.e., Tarang Stock Broking Services Private Limited and address. Three brokers viz., Motilal Oswal Financial Services, Aryav Securities Private Limited, JNR Securities Broking Private Limited had captured PAN of Noticee as AA ACT9338F. However, only one broker Lalit kumar Tulshyan had captured PAN of Noticee as AA ACT9338E. While examining the bank account details linked with the trading account of Noticee which was registered with all the four aforesaid brokers, it is observed that all the accounts were linked to one bank account (viz., HDFC Bank A/C No. 00082320005172). Further, HDFC Bank, vide e-mail dated October 03, 2024 confirmed that the account pertained to Tarang Stock Broking Services Private Limited having PAN-AA ACT9338F. Therefore, it also observed that the broker Lalit Kumar Tulshyan had incorrectly captured PAN of Noticee as AA ACT9338E. Further, it is noted that the transactions executed under both PANs, viz., AA ACT9338E and PAN AA ACT9338F were executed by the Noticee and AO had already passed the order dated May 22,



2019 in respect of Noticee for PAN- AACT9338F and the ongoing proceedings in respect of Noticee for PAN- AACT9338E are on the same cause of action. Therefore, two separate proceedings against the Noticee for same cause of action is barred by *res judicata*.

11. In view of the above, I hold that the allegation of violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations by the Noticee is not established. Accordingly, Issues II and III do not merit consideration.

### **ORDER**

12. Taking into account the facts and circumstances of the case, material available on record, submissions of the Noticee and findings hereinabove, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the rule, I conclude that the adjudication proceedings initiated against the Noticee related to PAN- AACT9338E (Tarang Stock Broking Services Private Limited) vide SCN dated August 06, 2022, are disposed of without imposition of penalty.

13. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to the Noticee and to SEBI.

**Place: Mumbai**  
**Date: February 26, 2026**

**JAI SEBASTIAN**  
**ADJUDICATING OFFICER**