**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. EAD/KS/VB/AO/110/2017-18]**

---

**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

**Prefer Abasan Pvt Ltd**

**[PAN: AABCK3292N]**

**In the matter of The Byke Hospitality Limited**

---

**FACTS OF THE CASE IN BRIEF:**

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation in the scrip of The Byke Hospitality Limited (hereinafter referred to as "TBHL'') which is listed on BSE and NSE and It has been observed that share price of the scrip has moved from Rs.202.25 to Rs.301.60 in BSE and from Rs.202.25 to Rs.301.7 in NSE from March 01,2013 to December 31,2013.

2. It is noted from Investigation Report (IR) that Prefer Abasan Pvt Ltd (hereinafter Prefer / Noticee) entered into self-trades repeatedly which created artificial volume in the scrip of TBHL, leading to false and misleading appearance of trading in the securities market. Based on the findings of the investigation, SEBI initiated Adjudication Proceedings against the Noticee under Section 15 HA of SEBI Act, 1992 for the alleged violation of the provisions of SEBI (PFUTP) Regulations.

## APPOINTMENT OF ADJUDICATING OFFICER

3. Ms. Anita Kenkare was appointed as the Adjudicating Officer, vide Order dated April 16, 2015 and Communique dated November 05, 2015,under Section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act"), read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Rules') to inquire into and adjudge under Section 15HA of SEBI Act, the alleged violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2003 by the Noticee.

## SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. A Show Cause Notice (SCN) dated December 03,2015 was issued to the noticee under Rule 4 of the AO Rules to show-cause as to why an inquiry should not be initiated against noticee and penalty not be imposed upon it under section 15HA of SEBI Act respectively for the alleged violation specified in the said SCN. It was *inter-alia* alleged in the SCN to noticee that it had entered into self-trades repeatedly, which created artificial volume in the scrip leading to a false and misleading appearance of trading in the scrip of TBHL

5. At BSE, it was observed that Prefer executed 67 self trades on 4 trade days for 15,899 shares. Maverick share brokers Ltd was the broker and counterparty for aforementioned self trades.

6. The details of the self-trades entered into by the noticee on BSE as per IR are given below:

**Self trades (BSE):**

| Entity Name | Broker On Both Buy & Sell Side | Total Self Trade Volume | Total Self Trade Count | Self Trade count from same terminal | No of days on which self trades done | % Of Self Traded Qty. To Market Vol. | Net LTP contribution by self trades(Rs.) |
|---|---|---|---|---|---|---|---|
| Prefer Abasan | Maverick | 15899 | 67 | 1 | 4 | 0.061 | -0.25 |

7. At NSE, Manasvi executed 30 self trades on 3 days for 12,536 shares. Maverick share brokers Ltd was the broker and counterparty for aforementioned self trades.

8. The details of the self-trades entered into by the noticee on NSE as per IR are given below:

| Entity Name | Broker On Both Buy & Sell Side | Total Self Trade Volume | Total Self Trade Count | Self Trade count from same terminal | No of days on which self trades done | % Of Self Traded Qty. To Market Vol. | Net LTP contribution by self trades(Rs.) |
|---|---|---|---|---|---|---|---|
| Prefer Abasan | Maverick | 12536 | 30 | 30 | 3 | 0.053 | -0.65 |

9. Thereafter, a supplementary SCN dated September 22, 2016 was issued to Noticee elaborating through certain instances the charge set out in the SCN dated December 3, 2015. The details *inter alia* with respect to the Noticee are given below

The BSE analysis below reveals that

…….

…….. out of the self trades of Prefer, through stock broker Maverick on 4 trade dates during the investigation period, self trades were 100% of his buy trades on 2 trade days and more than 40% of his sell trades on 3 trade days;

| BSE<br>THROUGH STOCK BROKER MAVERICK SHARE BROKERS LTD. ON BOTH BUY AND SELL SIDES | | | | | | | |
|---|---|---|---|---|---|---|---|
| Sl. No | Date | Total traded quantity in the Byke scrip on BSE | Total Self trade qty | Total buy trade qty | % of self trade qty to buy qty | Total Sell Trade qty | % of self trade qty to sell qty |
| 1 | 01-10-2013 | 1,03,674 | 5,500 | 5,500 | ***100*** | 12,000 | ***45.83*** |
| 2 | 23-08-2013 | 94,279 | 300 | 7,700 | ***3.89*** | 8,000 | ***3.75*** |
| 3 | 24-09-2013 | 93,234 | 2,499 | 14,500 | ***17.23*** | 5,000 | ***49.98*** |
| 4 | 25-09-2013 | 1,00,720 | 7,600 | 7,600 | ***100*** | 17,100 | ***44.44*** |

**BSE TRADE ORDER LOG ANALYSIS OF SELF TRADES**

## i. M/s. Prefer Abasan Pvt Ltd (Prefer)

**Trade Log Details:** The trade details of self trades executed by prefer on BSE in the Byke scrip are as given below:

| TRADE DATE | CLIENT NAME | CP CLIENT NAME | ORDER NO | CP ORDER NO | TRADE TIME | TRADE RATE | TRADE VALUE | TRADE QTY | MEMB NO | CPMEMB NO | TERM ID | CP TERM. ID |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10/01/2013 | PREFER | PREFER | 15000105309335 | 16000119299381 | 15:15:23 | 267.25 | 26725 | 100 | 3182 | 3182 | 203 | 202 |
| 10/01/2013 | PREFER | PREFER | 15000105309335 | 15000105288757 | 15:15:23 | 267.25 | 26725 | 100 | 3182 | 3182 | 203 | 203 |
| 10/01/2013 | PREFER | PREFER | 15000105309335 | 13000101150420 | 15:15:23 | 267.25 | 26725 | 100 | 3182 | 3182 | 203 | 204 |
| 10/01/2013 | PREFER | PREFER | 15000105309335 | 16000119299381 | 15:15:23 | 267.25 | 26725 | 100 | 3182 | 3182 | 203 | 202 |
| 10/01/2013 | PREFER | PREFER | 15000105309335 | 15000105288757 | 15:15:23 | 267.25 | 26725 | 100 | 3182 | 3182 | 203 | 203 |
| 10/01/2013 | PREFER | PREFER | 13000101159903 | 13000101150420 | 15:15:30 | 267.25 | 26725 | 100 | 3182 | 3182 | 204 | 204 |
| 10/01/2013 | PREFER | PREFER | 13000101159903 | 16000119299381 | 15:15:30 | 267.25 | 26725 | 100 | 3182 | 3182 | 204 | 202 |
| 10/01/2013 | PREFER | PREFER | 13000101159903 | 15000105288757 | 15:15:30 | 267.25 | 26725 | 100 | 3182 | 3182 | 204 | 203 |
| 10/01/2013 | PREFER | PREFER | 13000101159903 | 13000101150420 | 15:15:30 | 267.25 | 26725 | 100 | 3182 | 3182 | 204 | 204 |
| 10/01/2013 | PREFER | PREFER | 13000101159903 | 16000119299381 | 15:15:30 | 267.25 | 26725 | 100 | 3182 | 3182 | 204 | 202 |
| 10/01/2013 | PREFER | PREFER | 16000119316053 | 15000105288757 | 15:15:37 | 267.25 | 26725 | 100 | 3182 | 3182 | 202 | 203 |
| 10/01/2013 | PREFER | PREFER | 16000119316053 | 13000101150420 | 15:15:37 | 267.25 | 26725 | 100 | 3182 | 3182 | 202 | 204 |
| 10/01/2013 | PREFER | PREFER | 16000119316053 | 16000119299381 | 15:15:37 | 267.25 | 26725 | 100 | 3182 | 3182 | 202 | 202 |
| 10/01/2013 | PREFER | PREFER | 16000119316053 | 15000105288757 | 15:15:37 | 267.25 | 26725 | 100 | 3182 | 3182 | 202 | 203 |
| 10/01/2013 | PREFER | PREFER | 16000119316053 | 13000101150420 | 15:15:37 | 267.25 | 26725 | 100 | 3182 | 3182 | 202 | 204 |
| 10/01/2013 | PREFER | PREFER | 14000126209801 | 16000119299677 | 15:16:15 | 267.3 | 267300 | 1000 | 3182 | 3182 | 201 | 202 |
| 10/01/2013 | PREFER | PREFER | 14000126209801 | 13000110004320 | 15:16:15 | 267.3 | 26730 | 100 | 3182 | 3182 | 201 | 203 |
| 10/01/2013 | PREFER | PREFER | 14000126209801 | 13000101150711 | 15:16:15 | 267.3 | 26730 | 100 | 3182 | 3182 | 201 | 204 |
| 10/01/2013 | PREFER | PREFER | 14000126209801 | 14000126195328 | 15:16:15 | 267.3 | 26730 | 100 | 3182 | 3182 | 201 | 201 |
| 10/01/2013 | PREFER | PREFER | 14000126209801 | 13000110004320 | 15:16:15 | 267.3 | 26730 | 100 | 3182 | 3182 | 201 | 203 |
| 10/01/2013 | PREFER | PREFER | 14000126209801 | 13000101150711 | 15:16:15 | 267.3 | 26730 | 100 | 3182 | 3182 | 201 | 204 |
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 14000126195328 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 201 |
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 13000110004320 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 203 |
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 13000101150711 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 204 |
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 14000126195328 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 201 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 13000110004320 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 203 |
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 13000101150711 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 204 |
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 14000126195328 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 201 |
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 13000110004320 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 203 |
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 13000101150711 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 204 |
| 10/01/2013 | PREFER | PREFER | 16000119316429 | 14000126195328 | 15:16:25 | 267.3 | 26730 | 100 | 3182 | 3182 | 202 | 201 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000110004320 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 203 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000101150711 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 204 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 14000126195328 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 201 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000110004320 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 203 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000101150711 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 204 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 14000126195328 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 201 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000110004320 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 203 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000101150711 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 204 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 14000126195328 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 201 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000110004320 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 203 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000101150711 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 204 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 14000126195328 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 201 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000110004320 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 203 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000101150711 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 204 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 14000126195328 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 201 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000110004320 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 203 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 13000101150711 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 204 |
| 10/01/2013 | PREFER | PREFER | 15000105309934 | 14000126195328 | 15:16:32 | 267.3 | 26730 | 100 | 3182 | 3182 | 203 | 201 |
| 08/23/2013 | PREFER | PREFER | 11000086130078 | 18000120135310 | 12:20:32 | 271 | 81300 | 300 | 3182 | 3182 | 203 | 202 |
| 09/24/2013 | PREFER | PREFER | 13000101112044 | 18000128326170 | 14:23:53 | 266.9 | 133450 | 500 | 3182 | 3182 | 201 | 204 |
| 09/24/2013 | PREFER | PREFER | 13000101112044 | 18000128326170 | 14:23:53 | 266.9 | 133450 | 500 | 3182 | 3182 | 201 | 204 |
| 09/24/2013 | PREFER | PREFER | 13000101112044 | 18000128326170 | 14:23:53 | 266.9 | 133450 | 500 | 3182 | 3182 | 201 | 204 |
| 09/24/2013 | PREFER | PREFER | 13000101112044 | 18000128326170 | 14:23:53 | 266.9 | 133450 | 500 | 3182 | 3182 | 201 | 204 |
| 09/24/2013 | PREFER | PREFER | 13000101112044 | 18000128326170 | 14:23:53 | 266.9 | 133183.1 | 499 | 3182 | 3182 | 201 | 204 |
| 09/25/2013 | PREFER | PREFER | 13000101255172 | 20000113182317 | 14:27:05 | 266.1 | 266100 | 1000 | 3182 | 3182 | 201 | 203 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 09/25/2013 | PREFER | PREFER | 13000101255172 | 20000113182317 | 14:27:05 | 266.1 | 266100 | 1000 | 3182 | 3182 | 201 | 203 |
| 09/25/2013 | PREFER | PREFER | 13000101255172 | 20000113182317 | 14:27:05 | 266.1 | 266100 | 1000 | 3182 | 3182 | 201 | 203 |
| 09/25/2013 | PREFER | PREFER | 13000101255172 | 20000113182317 | 14:27:05 | 266.1 | 212880 | 800 | 3182 | 3182 | 201 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113182317 | 14:27:05 | 266 | 101080 | 380 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113182317 | 14:27:05 | 266 | 101080 | 380 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113182317 | 14:27:05 | 266 | 101080 | 380 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113182317 | 14:27:05 | 266 | 101080 | 380 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113182317 | 14:27:05 | 266 | 101080 | 380 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113182317 | 14:27:05 | 266 | 101080 | 380 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113182317 | 14:27:05 | 266 | 101080 | 380 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113182317 | 14:27:05 | 266 | 101080 | 380 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113182317 | 14:27:05 | 266 | 42560 | 160 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113183833 | 14:28:48 | 266 | 58520 | 220 | 3182 | 3182 | 204 | 203 |
| 09/25/2013 | PREFER | PREFER | 12000110126321 | 20000113183833 | 14:28:48 | 266 | 101080 | 380 | 3182 | 3182 | 204 | 203 |

Order log Analysis: Self trades by Prefer through stock broker Maverick on 1.10.2013 and 25.09.2013 i.e. two of the four dates when self trades had occurred during the investigation period are analyzed below in detail:

Self trades by Prefer on 1.10.2013

- From 14:48:54 to 14:49:40 PM, Prefer placed 7 sell orders through stock broker Maverick for 1,000 shares each (3 orders at rate of Rs. 267.25 and 4 orders at rate of Rs. 267.30) as per details below:

| ORDER DATE | ORDER TIME | ORDER NUMBER | BUY/ SELL | CLIENT NAME | ORDER RATE | ORDER QTY | AUD CODE |
|---|---|---|---|---|---|---|---|
| 10/01/2013 | 14:48:54 | 16000119299381 | S | PREFER | 267.25 | 1000 | A |
| 10/01/2013 | 14:48:57 | 15000105288757 | S | PREFER | 267.25 | 1000 | A |
| 10/01/2013 | 14:49:00 | 13000101150420 | S | PREFER | 267.25 | 1000 | A |
| 10/01/2013 | 14:49:11 | 16000119299677 | S | PREFER | 267.3 | 1000 | A |
| 10/01/2013 | 14:49:32 | 13000110004320 | S | PREFER | 267.3 | 1000 | A |
| 10/01/2013 | 14:49:40 | 14000126195328 | S | PREFER | 267.3 | 1000 | A |
| 10/01/2013 | 14:49:40 | 13000101150711 | S | PREFER | 267.3 | 1000 | A |

- Out of the said 7 sell orders, sell orders for 1,500 shares matched with third parties upto 14:50:47;

- There were no trades in the system after 15:01:11 and before 15:15:23;
- From 15:15:22 to 15:15:37, Prefer placed through stock broker Maverick 3 buy orders at Rs. 267.25 for a total of 2,000 shares (500,500 and 1,000 shares) as per details below:

| ORDER DATE | ORDER TIME | ORDER NUMBER | BUY/ SELL | CLIENT NAME | ORDER RATE | ORDER QTY | AUD CODE |
|---|---|---|---|---|---|---|---|
| 10/01/2013 | 15:15:22 | 15000105309335 | B | PREFER | 267.25 | 500 | A |
| 10/01/2013 | 15:15:29 | 13000101159903 | B | PREFER | 267.25 | 500 | A |
| 10/01/2013 | 15:15:37 | 16000119316053 | B | PREFER | 267.25 | 1000 | A |

- At 15:15:41, Prefer through stock broker Maverick deleted 500 shares from buy order id 16000119316053;
- Subsequently, from 15:16:14 to 15:16:32, Prefer through stock broker Maverick placed 3 buy orders at Rs. 267.30 each for a total of 5,500 shares as per details below:

| ORDER DATE | ORDER TIME | ORDER NUMBER | BUY/ SELL | CLIENT NAME | ORDER RATE | ORDER QTY | AUD CODE |
|---|---|---|---|---|---|---|---|
| 10/01/2013 | 15:16:14 | 14000126209801 | B | PREFER | 267.3 | 1500 | A |
| 10/01/2013 | 15:16:24 | 16000119316429 | B | PREFER | 267.3 | 1000 | A |
| 10/01/2013 | 15:16:32 | 15000105309934 | B | PREFER | 267.3 | 3000 | A |

- At 15:16:39, Prefer through stock broker Maverick deleted 1,500 shares from buy order id 15000105309934.

Thus, it is observed from the above that:

- Prefer through stock broker Maverick placed 7 sell orders for a total sale of 7,000 shares from 14:48:54 to 14:49:40. Out of the same, a total of 1,500 shares got matched with third parties. Thus, sell orders for a total of 5,500 shares were pending execution when Prefer started placing buy orders from 15:15:22 through stock broker Maverick;
- There were no trades in the system after 15:01:11 and before 15:15:23;
- Further, it is observed from the trade log that last trade had happened at 15:01:11 at trade price Rs. 267.10;
- Despite the same, from 15:15:22 to 15:15:37, Prefer through stock broker Maverick placed 3 buy orders for a total of 2,000 shares at trade price of Rs. 267.25;
- As soon as self trades for 1,500 shares at trade rate Rs. 267.25 got executed by 15:15:37, immediately thereafter at 15:15:41, Prefer through stock broker Maverick deleted his pending buy order for 500 shares which was placed at Rs. 267.25, as it would have otherwise got traded with third parties if it was not deleted, since the remaining pending sell orders of Prefer in the system were pending at rate Rs. 267.30;
- Thereafter, Prefer again through stock broker Maverick placed 3 buy orders from 15:16:14 to 15:16:32 for a total of 5,500 shares at trade price of Rs. 267.30 so as to match his pending sell orders;
- Again as soon as self trade for 4,000 shares at trade rate Rs. 267.30 got executed by 15:16:32 and no sell orders of Prefer were pending execution, Prefer immediately thereafter at 15:16:39, through stock broker

Maverick, deleted his pending buy order for 1,500 shares, as it would have otherwise got traded with third parties if it was not deleted, since there were no pending sell orders of Prefer;

- Thus, from the above it becomes clear how Prefer through stock broker Maverick placed buy orders for a total of 5,500 shares with an intent to match with the pending quantity of its sell orders resulting in self trades for 5,500 shares;
- Thus, it is observed that from 15:15:23 to 15:16:32, 46 simultaneous self trades for a total quantity of 5,500 shares occurred as below on 01.10.2013 where Prefer through stock broker Maverick was both on buy and sell side:

| CLIENTNAME | CP CLIENT NAME | ORDER TIME | CP ORDER TIME | TRADE TIME | TRADE RATE | ORDER RATE | CP ORDER RATE | TRADE QTY | ORDER QTY | CP ORDER QTY |
|---|---|---|---|---|---|---|---|---|---|---|
| PREFER | PREFER | 15:15:23 | 14:48:54 | 15:15:23 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:23 | 14:48:57 | 15:15:23 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:23 | 14:49:00 | 15:15:23 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:23 | 14:48:54 | 15:15:23 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:23 | 14:48:57 | 15:15:23 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:30 | 14:49:00 | 15:15:30 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:30 | 14:48:54 | 15:15:30 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:30 | 14:48:57 | 15:15:30 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:30 | 14:49:00 | 15:15:30 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:30 | 14:48:54 | 15:15:30 | 267.25 | 267.25 | 267.25 | 100 | 500 | 1000 |
| PREFER | PREFER | 15:15:37 | 14:48:57 | 15:15:37 | 267.25 | 267.25 | 267.25 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:15:37 | 14:49:00 | 15:15:37 | 267.25 | 267.25 | 267.25 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:15:37 | 14:48:54 | 15:15:37 | 267.25 | 267.25 | 267.25 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:15:37 | 14:48:57 | 15:15:37 | 267.25 | 267.25 | 267.25 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:15:37 | 14:49:00 | 15:15:37 | 267.25 | 267.25 | 267.25 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:15 | 14:49:11 | 15:16:15 | 267.3 | 267.3 | 267.3 | 1000 | 1500 | 1000 |
| PREFER | PREFER | 15:16:15 | 14:49:33 | 15:16:15 | 267.3 | 267.3 | 267.3 | 100 | 1500 | 1000 |
| PREFER | PREFER | 15:16:15 | 14:49:40 | 15:16:15 | 267.3 | 267.3 | 267.3 | 100 | 1500 | 1000 |
| PREFER | PREFER | 15:16:15 | 14:49:41 | 15:16:15 | 267.3 | 267.3 | 267.3 | 100 | 1500 | 1000 |
| PREFER | PREFER | 15:16:15 | 14:49:33 | 15:16:15 | 267.3 | 267.3 | 267.3 | 100 | 1500 | 1000 |
| PREFER | PREFER | 15:16:15 | 14:49:40 | 15:16:15 | 267.3 | 267.3 | 267.3 | 100 | 1500 | 1000 |
| PREFER | PREFER | 15:16:25 | 14:49:41 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:25 | 14:49:33 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:25 | 14:49:40 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:25 | 14:49:41 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:25 | 14:49:33 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:25 | 14:49:40 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:25 | 14:49:41 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |

| CLIENTNAME | CP CLIENT NAME | ORDER TIME | CP ORDER TIME | TRADE TIME | TRADE RATE | ORDER RATE | CP ORDER RATE | TRADE QTY | ORDER QTY | CP ORDER QTY |
|---|---|---|---|---|---|---|---|---|---|---|
| PREFER | PREFER | 15:16:25 | 14:49:33 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:25 | 14:49:40 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:25 | 14:49:41 | 15:16:25 | 267.3 | 267.3 | 267.3 | 100 | 1000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:33 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:40 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:41 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:33 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:40 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:41 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:33 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:40 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:41 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:33 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:40 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:41 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:33 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:40 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |
| PREFER | PREFER | 15:16:32 | 14:49:41 | 15:16:32 | 267.3 | 267.3 | 267.3 | 100 | 3000 | 1000 |

*Thus, it is observed that Prefer through stock broker Maverick placed its buy orders at higher price that the last traded price so as to match with its pending sell orders. Prefer immediately also deleted any excess quantity of buy orders placed, once his sell orders matched with his buy orders. It is, thus, alleged that the self trades were executed by Prefer through stock broker Maverick with clear intention to cause artificial trades in the scrip of Byke.*

Self trades by Prefer on 25.09.2013

- Prefer through stock broker Maverick placed a buy order at 14:15:55 vide Order id 12000110126321 for 3,800 shares at Rs. 266;
- Subsequent to the said buy order and prior to 14:16:01, there were no buy/ sell orders placed in the system;
- At 14:16:01, vide Order id 13000101255172, Prefer placed another buy order through stock broker Maverick for 3,800 shares at Rs. 266.10;
- Again after the said buy order and prior to 14:27:05, there were no buy/ sell orders placed in the system;
- At 14:27:05, vide Order id 20000113182317, Prefer placed through stock broker Maverick a sell order for 7,000 shares at Rs. 266;
- At 14:28:48, vide Order id 20000113183833, Prefer placed through stock broker Maverick another sell order for 600 shares at Rs. 266;

- There were no trades after the last trade that had occurred at 14:09:23 at trade rate Rs. 266.45 and prior to 14:27:05.

Thus, it is observed from the above that:

- Prefer through stock broker Maverick placed a total of 2 buy orders for 7,600 shares from 14:15:55 to 14:16:01;
- After the said buy orders and prior to 14:27:05, there were no buy/ sell orders placed in the system;
- Between 14:27:05 to 14:29:24, Prefer through stock broker Maverick placed 2 sell orders for a total of 7,600 shares and during this time there were no other sell orders placed;
- Despite the fact that last trade price at 14:09:23 was Rs. 266.45, Prefer through stock broker Maverick placed sell orders a little later at Rs. 266 i.e. at a discount of Rs. 0.45 to the last traded price;
- Since Prefer through stock broker Maverick placed the sell order rate equal to or less than his pending buy order rates, 15 simultaneous self trades for a total quantity of 7,600 shares occurred as below on 25.09.2013 where Prefer through stock broker Maverick was both on buy and sell side:

The trade details of self trades executed by Prefer on BSE in the Byke scrip are as given below:

| CLIENT NAME | CP CLIENT NAME | ORDER TIME | CP ORDER TIME | TRADE TIME | TRADE RATE | ORDER RATE | CP ORDER RATE | TRADE QTY | ORDER QTY | CP ORDER QTY |
|---|---|---|---|---|---|---|---|---|---|---|
| PREFER | PREFER | 14:16:01 | 14:27:05 | 14:27:05 | 266.1 | 266.1 | 266 | 1000 | 3800 | 7000 |
| PREFER | PREFER | 14:16:01 | 14:27:05 | 14:27:05 | 266.1 | 266.1 | 266 | 1000 | 3800 | 7000 |
| PREFER | PREFER | 14:16:01 | 14:27:05 | 14:27:05 | 266.1 | 266.1 | 266 | 1000 | 3800 | 7000 |
| PREFER | PREFER | 14:16:01 | 14:27:05 | 14:27:05 | 266.1 | 266.1 | 266 | 800 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 380 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 380 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 380 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 380 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 380 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 380 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 380 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 380 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 160 | 3800 | 7000 |
| PREFER | PREFER | 14:15:55 | 14:28:48 | 14:28:48 | 266 | 266 | 266 | 220 | 3800 | 600 |
| PREFER | PREFER | 14:15:55 | 14:28:48 | 14:28:48 | 266 | 266 | 266 | 380 | 3800 | 600 |
| PREFER | PREFER | 14:15:55 | 14:27:05 | 14:27:05 | 266 | 266 | 266 | 380 | 3800 | 7000 |

*It is, thus, observed that Prefer through stock broker Maverick had placed his sell orders at prices much lower than the last traded price so as to match with his pending buy orders. It is, thus, alleged that the self trades were executed by Prefer through stock broker Maverick with the intention to cause artificial trades in the scrip of Byke. Jobbing or any other purchase / sell activity in securities market has to follow the basic rule viz. buy cheap and sell costly; but detailed analysis of the Order log has clearly brought out that Prefer through stock broker Maverick was buying costly and selling cheap.*

## NSE

The NSE analysis below reveals that out of the self trades of Prefer through stock broker Maverick on 3 trade dates during the investigation period, self trades were 100% of his buy trades on 2 trade days and were more than 40% of his sell trades on 2 trade days & were more than 15% of his sell trades on 1 trade day

| NSE | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Sl. No** | **Date** | **Total traded quantity in the Byke scrip on NSE** | **Total Self trade qty** | **Total buy trade qty** | **% of self trade qty to buy qty** | **Total Sell Trade qty** | **% of self trade qty to sell qty** |
| 1 | 01-10-2013 | | 4,070 | 4,070 | ***100*** | 9,200 | ***44.23*** |
| 2 | 07-10-2013 | | 866 | 13,500 | ***6.41*** | 5,000 | ***17.32*** |
| 3 | 25-09-2013 | | 7,600 | 7,600 | ***100*** | 12,600 | ***60.32*** |

### NSE TRADE ORDER LOG ANALYSIS OF SELF TRADES

Trade Log Details: The trade details of self trades executed by M/s. Prefer Abasan Pvt. Ltd. in the Byke scrip on NSE are as given below:

| **Trade Date** | **Trade Price** | **Trade Qty** | **Trade Value** | **Trade Time** | **Buy Order No.** | **Sell Order No.** | **Sell Member Name** | **Buy Member Name** |
|---|---|---|---|---|---|---|---|---|
| 9/25/2013 | 266.1 | 3800 | 1011180 | 14:15:28 | 2013092570332480 | 2013092570462806 | Maverick | Maverick |
| 9/25/2013 | 266 | 3200 | 851200 | 14:15:17 | 2013092570330152 | 2013092570462806 | Maverick | Maverick |
| 9/25/2013 | 266 | 600 | 159600 | 14:15:17 | 2013092570330152 | 2013092570480100 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 470 | 125607.5 | 15:14:29 | 2013100170910029 | 2013100170633632 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:29 | 2013100170910029 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 30 | 8017.5 | 15:14:59 | 2013100170915699 | 2013100170635152 | Maverick | Maverick |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 10/1/2013 | 267.25 | 130 | 34742.5 | 15:14:29 | 2013100170910029 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:50 | 2013100170913943 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:53 | 2013100170914597 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 370 | 98882.5 | 15:15:09 | 2013100170917809 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:35 | 2013100170911063 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 170 | 45432.5 | 15:14:50 | 2013100170913943 | 2013100170639157 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 70 | 18707.5 | 15:14:53 | 2013100170914597 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:59 | 2013100170915699 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:29 | 2013100170910029 | 2013100170639157 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 70 | 18707.5 | 15:14:59 | 2013100170915699 | 2013100170639157 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 70 | 18707.5 | 15:14:35 | 2013100170911063 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 30 | 8017.5 | 15:15:05 | 2013100170916904 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:59 | 2013100170915699 | 2013100170639157 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:53 | 2013100170914597 | 2013100170639157 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 130 | 34742.5 | 15:14:53 | 2013100170914597 | 2013100170639157 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 130 | 34742.5 | 15:14:50 | 2013100170913943 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:15:05 | 2013100170916904 | 2013100170639157 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:50 | 2013100170913943 | 2013100170639157 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 30 | 8017.5 | 15:14:35 | 2013100170911063 | 2013100170639157 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 170 | 45432.5 | 15:15:05 | 2013100170916904 | 2013100170635152 | Maverick | Maverick |
| 10/1/2013 | 267.25 | 200 | 53450 | 15:14:35 | 2013100170911063 | 2013100170639157 | Maverick | Maverick |
| 10/7/2013 | 266 | 50 | 13300 | 14:21:50 | 2013100769419557 | 2013100769441392 | Maverick | Maverick |
| 10/7/2013 | 266 | 500 | 133000 | 14:21:52 | 2013100769419736 | 2013100769441392 | Maverick | Maverick |
| 10/7/2013 | 266 | 316 | 84056 | 14:21:50 | 2013100769419557 | 2013100769441392 | Maverick | Maverick |

**Order log Analysis**: Self trades by Prefer through stock broker Maverick on **1.10.2013** and **25.09.2013** i.e. two of the three dates when self trades had occurred during the investigation period are analyzed below in detail:

**Self trades by Prefer** through stock broker Maverick **on 1.10.2013 for 4,070 shares:**

- From 14:50:49 to 14:51:17, vide order ids 2013100170633632, 2013100170635152 and 2013100170639157, Prefer through stock broker Maverick placed 3 sell orders for 1,000, 2,000 and 1,600 shares respectively i.e. for a total sell order for 4,600 shares, each at order rate Rs. 267.25 each;
- The last trade prior to 14:50:49 had happened at 14:43:55 at Rs. 267.20 and subsequently too upto 15:05:22, trades were taking place at Rs. 267.20 before sell order id 2013100170633632 matched with a third party for 30 shares and with Manasvi for 500 shares at 15:08:54 and 15:11:56 respectively. The balance sell orders of Prefer were pending in the system;
- From 15:14:29 to 15:15:09, vide buy order ids 2013100170910029, 2013100170911063, 2013100170913943, 2013100170914597, 2013100170915699, 2013100170916904 and 2013100170917809, Prefer through stock broker Maverick placed 7 buy orders for 1,000 shares, 500 shares, 700 shares, 600 shares, 500 shares, 400 shares and 600 shares i.e. a total buy order for 4,300 shares, each at Rs. 267.25 to match with its pending sell order rate;
- 530 shares of Sell order id 2013100170633632 matched with third parties before 24 self trades occurred for a total of 4,070 shares occurred between trade time 15:14:29 to 15:15:09;
- Immediately thereafter at 15:15:09 itself, Prefer through stock broker Maverick cancelled its pending buy order id 2013100170917809 for 230 shares;
- From the same it becomes crystal clear that the aforesaid buy/ sell orders were placed by Prefer through stock broker Maverick only with clear intention to cause self trades.

**Self trades by Prefer on 25.09.2013**

- At 14:15:17, vide Order id 2013092570330152, Prefer through stock broker Maverick placed a buy order for 3,800 shares at Rs. 266;
- At 14:15:28, vide Order id 2013092570332480, Prefer through stock broker Maverick placed another buy order for 3,800 shares at Rs. 266.10;
- At 14:27:11, vide Order id 2013092570462806, Prefer through stock broker Maverick placed a sell order for 7,000 shares at Rs. 266;
- At 14:28:31, vide Order id 2013092570480100, Prefer through stock broker Maverick placed another sell order for 600 shares at Rs. 266;
- The last traded price was Rs. 266.65 at 14:06:20. Subsequent to the same, no trades had taken place till the self trades got executed as below. Further for the day, till prior to Prefer placing the sell order at 14:27:11 at Rs. 266, resulting in a self trade immediately thereafter, the scrip was trading between Rs. 266.45 to Rs. 267. Despite all of the same, Prefer through

stock broker Maverick placed the sell orders as aforesaid at a huge discount to the last traded price and matching the pending buy order quantity and price;

- Immediately after the sell orders were placed in such manner, 3 self trades happened between 14:27:11 to 14:28:31 for 7,600 shares.

*Thus, it is observed that Prefer through stock broker Maverick has adopted the same modus operandi at NSE too, as it has done in BSE, i.e. placed its sell orders at prices much lower than the last traded price so as to match with its pending buy orders. Alternatively, rates of buy and sell orders were matched and the counter quantity of the sell/ buy order to the extent of the buy/ sell order which got executed with third parties was either cancelled or deleted. It is, thus, alleged that the self trades were executed by Prefer with the intention to cause artificial trades in the scrip of Byke.*

10. In the interest of natural justice, a personal hearing to the Noticee was scheduled on September 01,2017 vide hearing notice dated July 17, 2017 which was sent to the address of the Noticee via HDAD but remained undelivered to the Noticee. The said hearing Notices dated July 17, 2017 was also affixed at the last known address of the Noticee. Nevertheless, the Noticee failed to appear for personal hearing scheduled for September 01, 2017.

11. Subsequently, the adjudication proceedings were transferred from Ms. Anita Kenkare to the undersigned. The Noticee was intimated about the change in Adjudication Officer vide hearing notice dated November 09, 2017 addressed to Noticee and was granted a final opportunity of hearing on November 24, 2017 vide HDAD and E-mail. The Hearing Notice returned undelivered. The said hearing notice was also forwarded to Anugrah Stock Broking Pvt Ltd, Stock Broker of the Noticee with an advice to serve the Hearing Notice dated November 09, 2017 on the Noticee. Thereafter, Noticee vide its Email dated November 22, 2017 sought an adjournment of personal hearing scheduled on November 24, 2017. In view of the same, vide email dated November 23, 2017 another final opportunity of hearing on December 07, 2017 was granted to the Noticee. However, neither did the Noticee appear on the scheduled dates for the personal hearing nor did the Noticee file any reply in the matter.

12. The Noticee vide its letter dated February 22,2018 had made the following submissions w.r.t to the SCNs

- We are a Company incorporated under the Companies Act, 1956, having our registered office in Kolkata and dealt in the securities market with diligence, fairness and in accordance with the provisions of the law. We have never defaulted in meeting our payment or delivery obligations to the Exchange.
- The noticee submits that as an investor in the stock market, we did not create any false market, indulged in any act detrimental to the investor's interest or which leads to interference with the fair and smooth functioning of the market.
- We carry out arbitrage/ jobbing business and would like to explain the natureof transactions that we carry in our arbitrage/ jobbing transactions:-
- An arbitrage / Jobbing transaction is normally carried out to take benefit of the intraday price fluctuations that happen in the scrips in the same exchange or price difference in the same script across exchanges.
- This is carried out only in the scrip which are reasonably liquid and have got a reasonable volume to enable the dealer to square off the position by end of the day.
- A jobber deals only in selected scripts during the particular day/ period and same was our pattern in the scripof Byke.
- We compare the position of various scrips both at BSE and NSE and then take a decision which would maximize our returns within due parameters of law. This decision has to be taken within fraction of a nanosecond since in screen based trading even blink of an eye counts.
- The arbitrageur/ jobber earns profit only when there is movement in prices of the scrip at the same exchange or there is difference in price of the same scrip at different exchanges. They try to maximize the return by encashing upon this opportunity. In case price at say Exchange A is higher than at Exchange B, then arbitrageur would buy at Exchange B and sell at Exchange A with no change in number of shares they are holding. These persons correct the imbalance in the price across different exchanges.
- The arbitrageur/ jobbers, based on technical analysis, puts indicative orders on both sides at various trigger prices i.e both buy and sell orders. If an order gets executed on say buy side then the other orders are entered on the buy side only before cancelling the orders of sell side since cancelling an order is a more cumbersome procedure than entering a fresh order and time is of essence in the stock market. In this scenario, buy orders of the same arbitrageur/ jobber matches with sell orders of the same arbitrageur/ jobber although there is no malafide intention on the part of arbitrageur/ jobber. In addition, the arbitrageur/ jobber also bears the transaction charges, turnover tax etc. of both sides.
- Self trades per se is not illegal and by no sense of imagination it creates artificial volume since the arbitrageur/ jobber picks up the scrips in which there is ample liquidity to enable him to square off his position.
- In view of the same, no adverse inference may be drawn for the trading carried out by us in the scrip of Byke.
- As regards allegation of self trades at BSE, it is submitted that admittedly our trading is only 0.061% of total trading in the market which is exceedingly miniscule to warrant any allegation of creation of artificial volume, being fraudulent and carrying out unfair trade practice. The alleged self trades have not influenced the price in a positive or negative manner since it has resulted in only negative LTP of 0.25 paise only. Further, the alleged self trades are carried out on only 4 days out of total investigation period of 10 months.
- As regards allegation of self trades at NSE, it is submitted that admittedly the alleged self trades is only for 12, 536 shares which is also exceedingly miniscule of total trading in the market to warrant any allegation of creation of artificial volume, being fraudulent and carrying out unfair trade practice. The alleged self trades have not influenced the price of the scrip in a positive or negative manner hence no allegation has been levelled upon us for the same. Further, the alleged self trades are carried out on only 3 days out of total investigation period of 10 months.
- Our total turnover at the stock market during the Financial years 2010-11 to 2014-15 was to the tune of Rs. 11574.17 Crores (Approx.) and the trading in the scrip of Byke for the period March 01, 2013 to December 31, 2013 ('investigation period') was Rs. 59.42 Crores (Approx.), which is miniscule to warrant any allegation of fraudulent and unfair trade practice.
- The SCN does not contain any allegations about matching of our trades with the promoters, facilitating the sale of shares by promoters of Byke, synchronized trades, circular trades, any connection with any other entity mentioned in the investigation report, however, we are surprised and shocked to go through the various regulations that we have alleged to be violated.

- The intention is sine quo non for establishing manipulation in case of self trades and accidental/ unintentional self trades are not covered under PFUTP Regulations. The mere occurrence of self trades cannot be considered per se illegal since there is no other additional evidence to prove manipulation or intent.
- There is no malafide intention on our part for alleged self trades carried out by us. Further there are no allegations of self trades having any impact on the price of the scrip, no allegation of any nexus/ connivance with promoter or otherwise.
- SEBI has recently decided a policy dated May 16, 2017 with respect to ongoing cases dealing with non-manipulative self-trades which states, inter alia, *"...it is observed that intention is a sine quo non for establishing manipulation in case of selftrades and accidental/ unintentional self-trades are not covered under the said regulations. Accordingly, mere occurrence of self-trades should not be considered as per se illegal in the absence of any other additional evidence to prove manipulation or intent to defraud as is done in cases of synchronised trades. Therefore, in all matters of self-trade, an assessment has to be made regarding whether the said trade has intentional or unintentional on the basis of supporting evidence and the manipulation caused by indulging in self-trades should be clearly brought out.*
- *The quasi-judicial authority may assess on the basis on SCN/ Investigation report whether any manipulation is arising out of self-trade or any intention to enter into self-trade is evident from the material on record. If the manipulation or intent can be established the same may be proceeded with as approved. However, if no intention 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. Further, while assessing the manipulative intent, the volume transacted may also be considered in addition to the other factors."*
- Self trades per se is not illegal and by no sense of imagination it creates artificial volume since the arbitrageur/ jobber picks up the scrips in which there is ample liquidity to enable him to square off his position.
- Further, Hon'ble SAT in the case of Smt. Krupa Sanjay Soni vide its order dated Jan 09, 2014 has held that *"a few instances of self-trades in themselves would not, ipso facto, amount to an objectionable trades".*
- In an order passed by Ld. Adjudicating Officer in the case of Samurai Securities Private Limited (Adjudication Order No. EAD/NP/JS/ AO/26/2017), the Ld. Adjudicating Officer has observed that *"At a broader level of stock exchanges, majority of trades are squared off during the day and such squared off trades does not go for settlement by Delivery V/s. Payment and as such no change of ownership of shares take place. These trades which are squared off during the day are neither illegal not considered manipulative as these add to liquidity and help in fair price discovery. However, repetitive self-trade may be misused to create artificial volume and induce other to trade in the stock. Self-trades would be fraudulent in nature if done on persistent basis, in connivance with manipulator/promoter and have intention to influence liquidity or price. The unintentional random trades on either side of direction of price should not be construed as manipulative. Therefore, to decide whether, self-trades are fraudulent or not would depend upon case to case and no thumb rule shall apply. It would be necessary to see the intention behind such trades. Unintentional self trade may not be manipulative whereas intentional self-trades would constitute wash trades".*
- At present the risk management and surveillance systems have improved by leaps and bounds at the level of stock exchanges. We submit that at present the exchanges have improved their surveillance system and has introduced Self trade Prevention Check (STPC) based on PAN of the client, hence, it will save investors like us to have any worry about our orders matching with our own counter orders. STPC has been introduced at BSE and NSE effectively from March 16,2015 and October 12,2015 respectively.
- The other judgements that we would like to rely upon this proceedings are as follows:
  Adjudication Order No. EAD/KS/MKG/AO/71/2017-18 dated January 11, 2018 against Setu Securities Ltd. in the matter of Varun Industries Ltd. passed by Your Honor.
  Adjudication Order No. EAD/KS/MKG/A0/70/2017-18 dated January 09, 2018 against Gajanan Securities in the matter of Varun Industries Ltd. passed by Your Honor.

13. In view of the above, I am of the view that principles of natural justice have been complied with since sufficient opportunities have been provided to the Noticee to submit reply and to appear for hearing, However, the Noticee has requested for exempting it from attending the personal hearing. Therefore, I am proceeding further on the basis of available records.

## CONSIDERATION OF ISSUES

14. The issues that arise for consideration in the present case are:

**(a) Whether the Noticee has violated the provisions of Regulation 3(a), (b), (c), (d), 4(1), 4(2) (a) and (g) of PFUTP Regulations?**

**(b) If yes, then do the violations, if any, on the part of the Noticee attract any monetary penalty under Section 15HA of the SEBI Act?**

**(c) If yes, then what would be the monetary penalty that can be imposed upon the Noticee, taking into consideration the factors mentioned in Section 15J of the SEBI Act read with Rule 5(2) of the Rules?**

15. Before moving forward, it is pertinent to refer to the relevant provisions of the PFUTP Regulations which read as under:-

***Relevant provisions of PFUTP Regulation:***

*3. Prohibition of certain dealings in securities No person shall directly or indirectly—*
*(a) buy, sell or otherwise deal in securities in a fraudulent manner;*
*(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
*(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
*(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

*4. Prohibition of manipulative, fraudulent and unfair trade practices*
*(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*

*(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*
*(a) indulging in an act which creates false or misleading appearance of trading in the securities market;*
*(b) ……..*
*(c) ……..*
*(d) ……..*
*(e) ……...*
*(f) ……...*
*(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security*

16. The first issue to be decided is whether the Noticee has violated the provisions of Regulation 3(a), (b), (c), (d), 4(1), 4(2) (a) and (g) of PFUTP Regulations?

17. Upon perusal of the reply of the Noticee and documents available on record, I find that it is not in dispute that 67 self-trades were executed by the Noticee in the scrip of TBHL at BSE for a total quantity of 15,899 shares during the 4 days and 30 self-trades were executed by the Noticee in the scrip of TBHL at NSE for a total quantity of 12,536 shares during the 3 days. The Noticee has submitted i*nter alia*, that it carries out arbitrage /jobbing business in selected scrip which are reasonably liquid and have got a reasonable volume to enable the dealer to square off the position by end of the day.

18. I find that on BSE total traded volume of TBHL shares during the investigation period was 2,60,23,351 shares as per the IR and self-trades were for a total quantity of 15,899 shares through 67 trades and the percentage of self-trades to the market volume was only 0.0610% as per the IR. Similarly, on NSE total traded volume of TBHL shares during the investigation period was 2,37,17,263 shares and self-trades happened for a total quantity of 12,536 shares through 30 trades and the percentage of self-trades to the market volume was only 0.053% as per the IR.

19. From aforesaid such negligible percentage in the scrip, it is difficult to arrive at the conclusion that these self-trades were executed by the Noticee with an intent to create misleading

appearance of trading in the securities market. It is important to note here that the motive behind executing fraudulent self-trades can either be to artificially raise the volume in a scrip / or to manipulate the price of a scrip by way of creating misleading appearance of trading so as to induce others to deal in the particular scrip.

20. I find that on BSE the Net LTP contribution by self trades of Noticee in TBHL during the investigation period was Rs.-0.25 and the price rise during the investigation period was from Rs.202.25 to Rs.301.6 i.e an increase of Rs.99.35 and thus the percentage of Net LTP contribution by self trades of Noticee vis-à-vis the price rise was -0.25%. Similarly, on NSE, the Net LTP contribution by self trades of Noticee in TBHL during the investigation period was Rs.-0.65 and the price rise during the investigation period was from Rs.202.25 to Rs.301.7 i.e an increase of Rs.99.45 and thus the percentage of Net LTP contribution by self trades of Noticee vis-à-vis the price rise was -0.65%. I note that the Investigation Report, *per se,* has not brought out any allegation of price manipulation attributed to Noticee's self-trades. Further, I note that the alleged self trades have not resulted in significant contribution to LTP. Thus, I conclude there is no evidence on record to suggest that alleged self trades have resulted in higher LTP.

21. I note that it was alleged in the supplementary SCN that on BSE, out of the self trades of Prefer on 4 trade dates during the investigation period, self trades was 100% of its buy trades on 2 trade dates and more than 40% of its sell trades on 3 trade dates. On NSE, out of the self trades of Prefer on 3 trade dates during the investigation period, self trades was 100% of its buy trades on 2 trade dates and more than 40% of its sell trades on 2 trade dates and were more than 15% of its sell trades. Since the self trades were done only on 4 trade dates in BSE and 3 trade dates in NSE out of total trade dates of 207 days during the entire investigation period, I find that it is difficult to arrive at any adverse inference on the basis of the same.

22. I note that the IR has mentioned that the self trades were repetitive in nature. However, I find that the Noticee had traded only on four trading days in BSE and on three trading days

in NSE. Also, on a further scrutiny of the dates of trades on both the exchanges, I find that the Noticee has traded only on one day in August 2013, two days in September 2013 and two days in October 2013. Considering the interval of trading dates, it is difficult to arrive at a conclusion that the Noticee has put in repetitive self trades.

23. Besides, the table below shows the daily trades of the Noticee on BSE and NSE as obtained from the trade log during the period of investigation.

**BSE :**

| **Self Trade Dates** | **No of Self Trades** | **Total Self traded quantity** | **Day wise Market Volume** | **% of self-trade to the market volume** |
|---|---|---|---|---|
| 23/08/2013 | 1 | 300 | 94279 | 0.318 |
| 24/09/2013 | 5 | 2499 | 93234 | 2.680 |
| 25/09/2013 | 15 | 7600 | 100720 | 7.545 |
| 01/10/2013 | 46 | 5500 | 103674 | 5.305 |

From the above table, I find that percentage of self-trade to the market volume, on a daily basis, during the investigation period on BSE ranged between 0.318% and 7.545%.

**NSE**

| **Self Trade Dates** | **No of Trades** | **Total Self traded quantity** | **Day wise Market Volume** | **% of self-trade to the market volume** |
|---|---|---|---|---|
| 25/09/2013 | 3 | 7600 | 100720 | 7.545 |
| 01/10/2013 | 24 | 4070 | 103674 | 3.925 |
| 07/10/2013 | 3 | 866 | 117667 | 0.735 |

From the above table, I find that Percentage of self-trade to the market volume during various patches on NSE ranged between 0.735% and 7.545%. Considering the percentage of self-trade to the market volume at both exchanges, it will be difficult to hold the view that the said self trades were done with the intention of manipulating the scrip.

I note that volume transacted in self-trades is one of the important factors to determine the manipulative intention, if any, of a person on the issue of self-trades. I note that. If the self-trades of the Noticee are considered in that background then it would be difficult to hold in the present matter that there was any manipulative intent on the part of the Noticee to engage in intentional self-trades as such percentage / volume of self-trades of the Noticee in the scrip of TBHL was miniscule as compared to the total trading in the said scrip during the relevant period.

24. I also note that there are no adverse observations regarding other forms of market manipulation i.e. synchronized trading, reversal trading or executing orders away from last traded price or creation of new high prices by way of first trades etc. against the Noticee in the investigation Report. Also, the instances of self-trades by Noticee are not of such magnitude that can be said to have affected the rest of the market volume, if considered in the light of the amount of transactions that the Noticee had been doing on the various segments of the exchanges platform.

25. I note that Hon'ble Securities Appellate Tribunal in its order in the matter of KSL & Industries Ltd v. SEBI vide appeal no 9/2003 has held that "*I do not find any material on record in support of the said charge. A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence is not sustained…. Fraud cannot survive on mere conjecture and surmises.*"

26. I would also like to rely on the Judgement of the Hon'ble Securities Appellate Tribunal ("**SAT**") in the matter of *Ketan Parekh Vs. SEBI* (Appeal No. 2 of 2004 decided on 14.07.2006) where it observed that, "*.....Any transaction executed with the intention to defeat the market*

*mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn*."

27. Though the Noticees volume of self-trades vis -a-vis total volume in the shares of TBHL is significant on very few days in BSE and NSE. No mala-fide intention behind self-trades executed by the Noticee has been brought out in investigation report. The Noticee contended that the self -trades had miniscule impact on the price or the volume of the scrip. It is also pertinent to note from the reply of the Noticee that BSE and NSE have now put in place a system to avoid such self-trades with effect from March 16, 2015 and October 12, 2015 respectively. I note that Noticee relied on the Judgement of Hon'ble Securities Appellate Tribunal ("**SAT**") in the case of Krupa Soni & Ors. v/s SEBI vide its Order dated January 09,2014 wherein it has held that *a few instances of self trades in themselves would not, ipso facto, amount to an objectionable trades.*

28. After taking into account aforesaid observations, perusal of investigation report and taking into account, in particular, the miniscule percentage / volume of self-trades as compared to the total market volume during the investigation period and the fact that IR has not brought out any manipulative intent on the part of the Noticee, I am of the view that it is difficult to conclude that self-trades of Noticee in the scrip of TBHL were intentional and manipulative and I am inclined to conclude that violations of provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2003 by the Noticee do not stand established.

Since the alleged violations are not established against the Noticee, Issues No. (b) and (c) require no consideration.

**ORDER**

29. For the aforesaid reasons, Show Cause Notice dated December 03,2015 alleging violations of provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2003 by the Noticee i.e. Prefer Abasan Private Limited is disposed of without imposition of any penalty under section 15HA of SEBI Act.

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

**Date: March 22, 2018**
**Place: Mumbai**

**K. SARAVANAN**
**GENERAL MANAGER &**
**ADJUDICATING OFFICER**