



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/VC/2025-26/32171]**

**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:

**Jitendra Hansraj Vithalani
(PAN: AAHPV4911E)**

In the matter of dealings in Illiquid Stocks Options on BSE

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 Jitendra Hansraj Vithalani (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. His 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, his 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 February 28, 2022 (hereinafter referred to as "**SCN**") was served 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 him 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. It was alleged in the SCN that the Noticee had executed one trade reversal through two non-genuine trades in one unique contract creating artificial volume of 1,72,500



units. Summary of the dealings of the Noticee in said options contract, in which he allegedly executed reversal trade during the IP, is as follows:

Table No. 1

Contract name	Avg. buy rate (₹)	Total buy volume (no. of units)	Avg. sell rate (₹)	Total sell volume (no. of units)	% of Artificial volume generated by the Noticee in the contract to Noticee's Total volume in the contract	% of Artificial volume generated by the Noticee in the contract to Total volume in the contract
A	B	C	D	E	F	G
BOBL15MAR210.00PE	17	86,250	28.5	86,250	100%	50%

7. The aforesaid reversal trade is illustrated through the dealings of the Noticee in one contract, viz., 'BOBL15MAR210.00PE' during the IP as follows:
- Noticee executed 2 trades for 1,72,500 units in the said contract on March 19, 2015;
 - While dealing in the said contract on March 19, 2015, at 11:07:39.17 hrs, the Noticee entered into a buy trade with counterparty 'Ventours International Travel Pvt. Ltd.' for 86,250 units at Rs. 17/- per unit. Within a few seconds, at 11:07:49.07 hrs, Noticee entered into a sell trade of the same contract with the same counterparty for 86,250 units at Rs. 28.5/- per unit;
 - The trade entered by the Noticee was reversed within few seconds with the same counterparty at a substantial price difference without any basis for significant change in the price of the contract. Hence, it was alleged the Noticee's two trades were artificial and non-genuine in nature; and
 - The Noticee's two trades while dealing in the said contract during the IP allegedly generated artificial volume of 1,72,500 units, which made up to 50% of total market volume in the said contract during the IP.



8. Subsequently, a Post SCN Intimation (hereinafter referred to as “PSI”) dated August 12, 2022 was issued to Noticee, wherein it was stated that SEBI had introduced a Settlement Scheme, i.e., SEBI Settlement Scheme, 2022 (hereinafter referred to as “**Settlement Scheme 2022**”) in terms of regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”). It further stated that the Settlement Scheme 2022 provided a one-time opportunity to the entities against whom proceedings were initiated and appeals against the said proceedings were pending, to settle the proceedings. The scheme commenced from August 22, 2022 and remained open for a period of three months. Later, the applicable period of the Settlement Scheme 2022 was extended to January 21, 2023 by SEBI.
9. In response, Noticee submitted a letter dated March 05, 2022 received from his stock broker, namely, Giriraj Stock Broking Pvt. Ltd., wherein, the stock broker confirmed that the trades were executed on behalf of another client, viz., Burnpur Power Pvt. Ltd. (BPPL) and the pay-out was also made in the BPPL's account. The order was inadvertently executed in the Noticee's UCC and the error was rectified at the stock broker's back office.
10. Further, during the course of hearing before erstwhile AO, Noticee reiterated the above submissions. Further, Noticee submitted that he did not receive contract note and there was no pay-out made to him with regard to the alleged transactions. Noticee also submitted a copy of his bank account statement and ITR as documentary evidences in support of the said claim.

CONSIDERATION OF ISSUES AND FINDINGS

11. I have perused the allegations levelled against the Noticee in the SCN, his replies 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?
12. 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;-*
 - (a) 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?

13. 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 the Noticee submitted a letter dated March 05, 2022 received from his stock broker, wherein, the stock broker had confirmed that the trades were executed on behalf of another client, viz., BPPL and the pay-out was also made in the BPPL's account. The orders were inadvertently executed in the Noticee's UCC and the error was rectified by the stock broker. Further, during the course of hearing before erstwhile AO, Noticee reiterated the above submissions and submitted that he did not receive contract note and there was no pay-out made to him with regard to the alleged transactions. In support of claim, Noticee also submitted a copy of his bank account statement and ITR as documentary evidences.

14. Therefore, in respect to the above submissions of the Noticee, clarifications/ comments were sought from the concerned department of SEBI. On verification of the contract note, it was observed that the trades were executed for BPPL and the copy of ledger indicated that pay-out was made to BPPL. Further, trade register of stock broker indicated the rectification of error w.r.t. placement of the order. Thus, it was observed that the alleged transactions were done by BPPL and not by the Noticee.

15. Further, it is noted that adjudication proceedings were initiated in the matter of ISO on BSE against BPPL (PAN: AADCB7722N). BPPL had availed Settlement Scheme 2022 and Settlement Order dated March 08, 2023 was passed in this regard. It is noted that BPPL availed the Settlement Scheme 2022 for executing non-genuine trades in one contract. In view of the above, I am inclined to accept the claim of the Noticee that he did not execute the alleged transactions and the said transactions were executed by BPPL.



16. Therefore, I note 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

17. 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 Rules, I conclude that the adjudication proceedings initiated against the Noticee (Jitendra Hansraj Vithalani) vide SCN dated February 28, 2022, are disposed of without imposition of any penalty.

18. 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: March 04, 2026

JAI SEBASTIAN
ADJUDICATING OFFICER