BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/RJ/2025-26/32196]

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:
Anupama Agarwal
(PAN: AIGPA7456G)
In the matter of dealing in Illiquid Stocks Options on BSE

BRIEF FACTS 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 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 Illiquid Stock Options on BSE for the period starting from April 1, 2014 to September 30, 2015 (hereinafter referred to as "**Investigation Period"/ "IP**").

2. Investigation by SEBI revealed that during the IP, a total of 2,91,643 trades comprising 81.38% 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 counter party. 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 Anupama Agarwal (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. The 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, Noticee's trades were allege0d 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 to the case from erstwhile Adjudicating Officer (hereinafter referred to as "**AO**"), the undersigned was appointed as AO in the matter vide communiqué dated April 04, 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. Based on the findings by SEBI, a Show Cause Notice dated March 31, 2022 (hereinafter referred to as "**SCN**") was issued by erstwhile AO 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 her for the alleged violations of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations. It was alleged in the SCN that the Noticee was indulged in reversal and non-genuine trades and details of the trades including the trade dates, name of the counterparties, time, price and volume, etc., were provided to the Noticee as Annexure to the SCN.

6. Vide Post SCN Intimation (hereinafter referred to as "**PSI**") dated August 04, 2022, Noticee was informed 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"**). Noticee was informed that the Settlement Scheme 2022 provides a one-time opportunity to the entities against whom proceedings were initiated and appeals against the said proceedings were pending. 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.

7. The PSI dated August 04, 2022 along with the SCN was duly served upon Noticee through email. Since, Noticee did not avail the Settlement Scheme 2022, the adjudication proceedings against the Noticee were resumed.

8. Thereafter, opportunity of hearing was granted to the Noticee vide hearing notice dated June 13, 2023. However, Noticee did not avail the opportunity of hearing granted vide the said hearing notice.

9. Subsequently, PSI dated March 06, 2024, was issued to the Noticee by erstwhile AO wherein it stated that SEBI had offered another Settlement Scheme, i.e., SEBI Settlement Scheme, 2024 (hereinafter referred to as "**Settlement Scheme 2024**") in terms of regulation 26 of Settlement Regulations. The applicable period of the said scheme was March 11, 2024 to May 10, 2024. Later, the applicable period of the Settlement Scheme 2024 was extended to June 10, 2024 by SEBI. The said PSI was duly served on the Noticee through SPAD and email. It is observed that Noticee did not avail the Settlement Scheme 2024 and accordingly, the adjudication proceedings against the Noticee were resumed.

10. Thereafter, vide hearing notices dated July 10, 2025 and February 02, 2026, Noticee was granted opportunities of hearing on July 25, 2025 and February 10, 2026, respectively. However, Noticee did not avail the said opportunities of hearing.

11. In this regard, reference is drawn to the following rulings of Hon'ble Securities Appellate Tribunal (hereinafter referred to as '**SAT'**):

(a) In the matter of *Viju Babulal Jain v. SEBI* (Appeal No. 828 of 2022 decided on November 14, 2022), Hon'ble SAT, *inter alia*, held as under:

> *"5. There is no assertion in the memorandum of appeal alleging non-receipt of the show cause notice through email.* ***In view of Rule 7(b) of the Rules, service of the show cause notice was duly served through email. We are consequently of the opinion that the procedure adopted by the AO for serving the show cause notice was in accordance with the Rule 7(b) of the Rules.****"* (Emphasis supplied)

(b) In the matter of *Menika and Ors. v. SEBI* (Appeal No. 468 of 2022 decided on January 05, 2023), Hon'ble SAT, *inter alia,* held as under:

> *"6. On the issue of service, we find that the show cause notice was sent to Menika vide speed post acknowledgment due on July 16, 2020 on her residential address which is the same as indicated in the memo of appeal. Since the acknowledgement card was returned with a remark "No Status", the respondent served the show cause notice vide email on the email I.D. "menika124@gmail.com" and also at "deepakkgrade@gmail.com". The show cause notice was delivered on the aforesaid email address, which, in our opinion, is sufficient service as per the proviso to Rule 7(b) of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Rules of 1995'). In addition to the aforesaid, the show cause notice was also published on March 2, 2021 in various newspapers, namely, Times of India (Chandigarh and Varanasi edition), The Hindustan Times (Delhi edition), Navbharat Times (Delhi edition), Dainik Jagran (Ghaziabad and Varanasi edition) and Dainik Bhaskar (Chandigarh edition). …… 9. The aforesaid facts have not been disputed by the appellants. We are of the opinion, that in view of the glaring evidence that has been filed by the respondent, service of the show cause notice, etc. was properly done by the respondent under the Rules of 1995. We are satisfied that the appellants were duly served with the show cause notice and as well as the notice for hearing. In spite of service, the appellants chose not to appear."*

(c) In the matter of *Shubhi Bansal v. SEBI* (Appeal No. 79 of 2022 decided on February 22, 2022), Hon'ble SAT, *inter alia,* held as under:

> *"2. In this regard, we have perused the impugned order and we find that the show cause notice dated July 29, 2021 was delivered to the appellant on July 30, 2021. Further, the hearing notice dated September 29, 2021 was also delivered. In spite of service the appellant chose to remain absent and neither filed a reply nor contested the issue. Accordingly, we are of the opinion that the appellant was duly served and if the appellant chose not to contest the proceedings then it is not the fault of the respondent but the fault lies totally with the appellant."*

CONSIDERATION OF ISSUES AND EVIDENCE

12. 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 has violated regulations 3(a), (b), (c), (d) and 4(1) and 4(2)(a) of PFUTP Regulations?

II. Do the violations, if any, on the 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 account the factors mentioned in section 15J of the SEBI Act?

13. In this regard, 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 provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations?

14. Before dealing with the matter on merits, it is noted that sufficient opportunities were provided to Noticee to represent her case by way of reply to the SCN and also by way of personal hearing. However, it is a matter of record that Noticee had failed to furnish replies to the SCN and also failed to appear for personal hearing before the undersigned. In this regard, reliance is placed on the following rulings of the Hon'ble SAT:

(a) In the case of *Sanjay Kumar Tayal & Others v. SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), Hon'ble SAT, *inter alia*, held as under:

> *"...appellants have neither filed reply to show cause notices issued to them nor have availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices..."*

(b) In the case of *Classic Credit Ltd. v. SEBI* (Appeal No. 68 of 2003 decided on January 08, 2007), Hon'ble SAT, *inter alia*, held as under:

"the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them."

15. In view of the aforesaid discussions, I am inclined to presume that Noticee had nothing to submit in her defense and accordingly, I proceed with the matter *ex parte* as against her.

16. I note that it was alleged in the SCN that the Noticee, while dealing in the stock options contract at BSE during the IP, had executed reversal trades which were allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock options contract at BSE. The said reversal trades were alleged to be non-genuine trades as they were not executed in the normal course of trading, lacked basic trading rationale, led to false or misleading appearance of trading in terms of generation of artificial volumes and hence, were deceptive and manipulative.

17. It was alleged that the Noticee was one of the entities who had indulged in creating artificial volume of 630,000 units through four non-genuine reversal trades in one stock options contract during IP. The summary of trades is given below:

Table 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**
GMRI15JAN14.00PEW4	0.05	3,15,000	0.84	3,15,000	100	18.13

18. The relevant details regarding the contract as mentioned in Table 1 are that on January 16, 2015, the Noticee, at 14:30:04 hours, entered into three sell trades in a contract, viz., 'GMRI15JAN14.00PEW4' with counterparty 'Marigold Nirman Private Limited' for 3,15,000 units at Rs. 0.84/- per unit. On the same

day, at 15:20:22 hours, Noticee entered into a buy trade of same contract with the same counterparty, for 3,15,000 units at Rs. 0.05/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of four trades (one buy trade and three sell trades) with same counterparty, viz., 'Marigold Nirman Private Limited' on the same day and with significant price difference in buy and sell rates. It is observed that the Noticee's four trades while dealing in the aforesaid contract during the IP generated artificial volume of 6,30,000 units, which made up 18.13% of total market volume in the said contract during this period. Further, the artificial volume generated by the Noticee in the said contract made up to 100% of its total volume in the contract during the IP.

19. In view of the above, I find that Noticee is responsible for the trades executed on her account and cannot be absolved of the responsibility for such trades. Hence, the aforesaid contention of the Noticee cannot be accepted.

20. The non-genuineness of the aforesaid transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within a short span of time, the Noticee reversed the position with the same counterparty with significant price difference on the same day. The fact that the transactions in a particular contract were reversed with the same counterparty indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. Since these trades were done in illiquid option contract, there was negligible trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation in prices of the said contract, within a short span of time is a clear indication that there was pre-determination in the prices by the counterparty while executing the trades. Thus, it is observed that Noticee had indulged in reversal trades with her counterparty in the stock options segment of BSE and the same were non-genuine trades.

21. It cannot be a mere coincidence that the Noticee could match her trades with the same counterparty with whom she had undertaken first leg of the respective trades. The fact that the transactions in a particular contract were reversed with the same counterparty for the same quantity of units, indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price.

It is further noted that direct evidence is not forthcoming in the present matter as regards to meeting of minds or collusion with other entities, *inter alia*, the counterparties or agents/fronts. However, trading behaviour as noted above makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level.

22. In this regard, reference is drawn to the judgement of Hon'ble Supreme Court in *SEBI v. Kishore R Ajmera* (AIR 2016 SC 1079), wherein it was held that:

> *"...According to us, knowledge of who the 2nd party / client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naïve to rest the final conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming...in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. ….*
> *It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion."*

23. Therefore, applying the ratio of the above judgment, it is observed that the execution of trades by the Noticee in the options segment with such precision in terms of order placement, time, price, quantity, etc., and also the fact that the transactions were reversed with the same counterparty clearly indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. The only reason for the wide variation in prices of the same contract, within a short span of time was a clear indication that there was pre-determination in the prices by the counterparty when executing the trades. Thus, the nature of trading, as brought out above, clearly indicates an element of prior meeting of minds and therefore, a collusion of the Noticee with her counterparty to carry out the trades at pre - determined prices.

24. It is also relevant to refer to order of the Hon'ble Securities Appellate Tribunal in the matter of *Ketan Parekh v. SEBI* (Appeal No. 2 of 2004 decided on July 14, 2006):

> *"In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4 (a) of the Regulations."*

25. In this regard, further reliance is placed on judgment of Hon'ble Supreme Court in the matter of *SEBI v. Rakhi Trading Private Limited* (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018) on similar factual circumstances, which, *inter alia,* stated as under:

> *"Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities….."*

26. Therefore, the trading behaviour of the Noticee confirms that such trades were not normal, indicating that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in respective contract. In view of the above, I find that the allegation of violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations by the Noticee stands established.

Issue No. 2: Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15HA of SEBI Act?

27. Therefore, considering the above findings and the judgment of Hon'ble Supreme Court in the matter of *SEBI v. Shriram Mutual Fund* [2006] 68 SCL 216 (SC) decided on May 23, 2006, wherein it was 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. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by*

the defaulter with guilty intention or not.", I am convinced that it is a fit case for imposition of monetary penalty under the provisions of section 15 HA of SEBI Act which reads as under:

*"**Penalty for Fraudulent and Unfair trade practices.***
15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."

Issue No. 3: If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into account the factors mentioned in section 15J of the SEBI Act?

28. While determining the quantum of penalty under section 15HA of the SEBI Act, the following factors as stipulated in section 15J of the SEBI Act are taken into account:

*"**Factors to be taken into account while adjudging quantum of penalty.***
15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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."

29. As established above, the trades by the Noticee were non-genuine in nature and created a misleading appearance of trading in the aforesaid contract. I note that when the impact of artificial volume created by the two counterparties is seen as a whole, it is not possible, from the material on record, to quantify the amount of disproportionate gain or unfair advantage resulting from the artificial trades between the counter parties or the consequent loss caused to investors as a result of the default. Further, the material available on record does not demonstrate any repetitive default on the part of the Noticee. However, considering that the four non-genuine trades entered by the Noticee in one contract led to the creation of artificial trading volumes which had the effect of distorting the market mechanism in the Illiquid Stock Options segment of BSE, I find that the aforesaid violations were detrimental to the integrity of the securities market which should be dealt with suitable penalty.

ORDER

30. Taking into account the facts and circumstances of the case, material available on record, submissions of the Noticee, findings hereinabove and factors

mentioned in section 15J of the SEBI Act, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose monetary penalty of ₹ 5,00,000/- (Rupees Five Lakh only) on the Noticee (Anupama Agarwal) under section 15HA of SEBI Act for the violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations. I am of the view that the said penalty is commensurate with the violations committed by Noticee.

31. The Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order in the way provided at the SEBI website www.sebi.gov.in:

    ENFORCEMENT >Orders >Orders of AO> PAYNOW

32. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon*, inter alia*, by attachment and sale of movable and immovable properties of Noticee.

33. 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.

JAI SEBASTIAN

Digitally signed by JAI SEBASTIAN
Date: 2026.03.09 15:13:48 +05'30'

Place: Mumbai
Date: March 09, 2026

JAI SEBASTIAN
ADJUDICATING OFFICER