**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. Order/JS/VC/2025-26/32227]**

---

**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:**

**Anju Agarwal**

**(PAN: ACRPA9417G)**

**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 Anju 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. Her 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, her 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.

**SCN, REPLY AND HEARING**

5. A SCN dated November 08, 2021 (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 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.

6. It was alleged in the SCN that the Noticee had executed reversal trades in one Stock Options Contract through two non-genuine trades in one unique contract creating artificial volume of 13,000 units. Summary of the dealings of the Noticee in said

options contract, in which she 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** |
| YESB15APR720.00CEW1 | 58.50 | 6,500 | 104.65 | 6,500 | 100% | 23.21% |

7. The aforesaid reversal trade is illustrated through the dealings of the Noticee in one contract, viz., 'YESB15APR720.00CEW1' during the IP as follows:
   (a) Noticee executed two trades for 13,000 units in the said contract on March 30, 2015;
   (b) While dealing in the said contract on March 30, 2015, at 12:47:56 hrs, Noticee entered into a buy trade with counterparty 'Raj Kapoor' for 6,500 units at Rs. 58.5/- per unit. On the same day, at 12:53:13 hrs, the Noticee entered into a sell trade with the same counterparty, for 6,500 units at Rs. 104.65/- per unit;
   (c) The Noticee's two trades while dealing in the abovementioned contract during the IP allegedly generated artificial volume of 13,000 units, which made up to 23.21% of total market volume in the said contract during this period.

8. The SCN was served upon the Noticee by Speed Post Acknowledgement Due (hereinafter referred to as **"SPAD"**). Further, vide notice of hearing dated March 25, 2022, Noticee was granted an opportunity of hearing on April 05, 2022 by the erstwhile AO, which Noticee did not avail.

9. However, vide letter dated March 24, 2022, Noticee submitted her reply to the SCN. The relevant extracts of reply dated March 24, 2022 are as under:

(a) *SEBI conducted the purported investigation in the stock options segment on BSE for the investigation period, i.e., from April 1, 2014 to September 30, 2015 and the SCN was issued on November 8, 2021, i.e., after more than 6 years from the date of the impugned transaction of the Noticee, which took place on March 30, 2015.*

(b) *Rules does not provide any period of limitation within which the proceedings should be initiated. In the absence of any period of limitation prescribed in the Rules, Article 137 of the Schedule to the Limitation Act, 1963 is applicable which provides for the general period of limitation of three years. For the purpose of issuing a SCN under the aforesaid rule 4, the Article 137 applies and therefore, the Adjudicating Officer must issue SCN within a period of three years from the date of relevant transaction.*

(c) *In the present case, the alleged transaction was undertaken on March 30, 2015 whereas the SCN was issued on November 8, 2021, i.e., after a lapse of a period of 6 years. Thus, the impugned SCN was issued beyond the statutory period of limitation of three years as prescribed in the Limitation Act, 1963. Therefore, the impugned SCN is bad in law and is void ab initio.*

(d) *SEBI purportedly issued the impugned SCN in the present case without any direct evidence against the Noticee without allowing any cross-examination of trading members and without having any complaints of fraud in 2014 and 2015.*

(e) *The purported action on the part of SEBI raises the question as to how SEBI can issue the impugned SCN to the investors after six years whereas the brokers are not required to maintain the records after five years and the same is grossly unjustified.*

(f) *The gross delay in issuance of the impugned SCN after a period of more than six years from the date of the impugned transaction of Noticee which took place on March 30, 2015 was entirely attributable to SEBI and Noticee had role to play in the same. It is relevant to note that much water has flown since the impugned transaction of Noticee occurred on March 30, 2015 and imposing a monetary policy so belatedly serves no purpose and causes grave prejudice to the Noticee.*

(g) *The impugned trades of Noticee were executed on the anonymous trading platform of BSE without any knowledge of the counterparty and at price ranges that were allowed by the exchange and SEBI. The obligations arising out of it have been settled through the clearing mechanism of the exchange. Therefore, the impugned trades of Noticee were genuine and in the normal course of a trading session.*

(h) *It is only from SEBI that the Noticee has understood that the trades matched with the same counterparty which Noticee was oblivious at the relevant time of trade. It can be treated as a one-off case of sheer luck and co-incidence and was no way manipulative. Upon understanding the counterparty details from SEBI, Noticee checked the details of counterparty. She neither knew the counterparty, Raj Kapoor, nor any of its staffs and/or representatives or has had any relationship, financial or otherwise, with the said counterparty.*

(i) *Without prejudice, the Noticee submitted that the same counterparty does not mean anything adverse or negative as in an online, anonymous trading model, names of counterparty do not get revealed to the Trading Members, and Trading Members, in turn, could not inform them to their clients. Further, in the absence of any evidence of unholy nexus being pointed out, matching of orders by BSE's systems cannot be termed as having resulted into artificial volume. In view thereof, the orders of Noticee were genuine, valid, accepted, system matched and settled at the relevant time.*

(j) *In view thereof, trades executed by Noticee in stock options segment of BSE were genuine and were executed on the platform provided by the stock exchange. Noticee was also subjected to various charges and taxes on the transactions, inter alia, exchange turnover charges, service tax, STT, SEBI turnover fee, stamp duty, etc. The trades were executed on the floor of the exchange with due compliance with all the rules and regulations of the exchanges.*

(k) *At no point of time was there any warning or any observation from the regulators about the stock options and underlying scrips executed by the Noticee.*

(l) *It is untenable to suddenly label these transactions as artificial and non-genuine after a period of six to seven years from the date of transactions on completely untenable grounds and unjustified reasons. Therefore, the impugned SCN Is liable to be set aside on this reason alone.*

(m) *The alleged trades were wrongly categorised as non-genuine, for the reasons recorded hereunder:*

  (i) *The word "non-genuine" is not defined in PFUTP Regulations or any of the Acts/ regulations of SEBI. This leaves Noticee to rely on dictionary meaning of the word to test whether the alleged trades fall under the categories of artificial volume through non-genuine trades.*

  (ii) *The term "non-genuine" is opposite of "genuine" which is defined as "really coming from its reputed source, etc., not sham; properly so called; pure bred."*

  (iii) *The alleged trades have all traits of being genuine and therefore cannot be categorised as non-genuine. These trades were executed on the anonymous platform of the exchange, without any knowledge of counterparty, at price ranges that were permitted by the exchange and SEB] and the obligations arising out of it have been settled through the clearing mechanism of the exchange.*

  (iv) *Since the trades do not fall under the definition of non-genuine transactions, they cannot be categorised to be creating artificial volume and effectively cannot be said to be creating false and misleading appearance of trading or cannot be categorised as manipulative or deceptive trades.*

  (v) *If the intention was to carry out artificial volume and create a false and misleading appearance of trading or execute manipulative and deceptive trades, the frequency of such trades would have been much higher. No one can achieve the alleged*

*manipulative goals with such infrequent non-genuine trades, which is a one-off case of one buy trade and one sell trade.*

(vi) *In the current case, Noticee executed trades only one buy trade which it squared off on the same day. Noticee understood that it's a very risky segment and therefore has never traded again on BSE's stock options segment. Noticee has no relationship or knowledge of the counterparty and therefore have never executed non-genuine transitions that had financial impact with such an unknown party.*

(n) *The impugned SCN fails to highlight any possible reason for executing the alleged non-genuine trades and what has been achieved by executing such trades. Without even having indicated any purpose for carrying out non-genuine trades, there is no reason to categorise them as non-genuine, artificial, manipulative, deceptive or creating false and misleading appearance of trading as wrongly alleged in the impugned SCN.*

(o) *The impugned SCN is issued based on imaginary and presumptive grounds. It categorises trades of the Noticee as non-genuine in spite of the fact that these transactions were carried out on the platform provided by the BSE and had been settled through the clearing corporation by way of movement of funds. If at all there was a fault in the platform provided by the stock exchange, SEBI should have taken action against it and as SEBI has not taken any action against stock exchange till date, it is clear that trades executed on the stock exchange should not be termed as non-genuine or fraudulent. There can be no fault in the trading of such huge number of market participants, which comprised of 81.41% of all trades on stock exchange and if it is so, then SEBI cannot take action on the investors without taking any action on the exchange, which allowed such huge number of non-genuine transactions.*

(p) *The impugned SCN fails to take into consideration that the anonymous systems of the stock exchange do not allow a transacting party to know the details of the counterparty and therefore the allegation of executing reversal trades cannot hold good. The transactions were in the nature of reversal trades not known to the Noticee before being informed by SEBI.*

(q) *The impugned SCN does not provide an iota of evidence as to how the Noticee was related or connected to the counterparty. Therefore, without the theory of collusion or meeting of minds between the two parties being established, the allegations in the SCN do not hold good. Further, there is no reason for unknown people to deliberately allow profits or losses to one another without being related and the SCN failed to highlight any relationship between buyers and sellers.*

(r) *It is also not a case in the impugned SCN that other investors got carried away or misled due to the trades carried out by the Noticee. Further, it is not even alleged that third parties suffered any loss due to the transactions carried out by the Noticee. No other party has been affected by these trades as it got reversed with same and no impact whatsoever was caused to anyone because of these trades.*

(s) *Above all, there is no charge of price manipulation in the SCN and without manipulating price of a security or contract no person can gain anything from artificial trades.*

(t) *Under such circumstances, Noticee denied violation of regulations 3(a), (b), (c), 4(1) and 4(2) of PFUTP Regulations as alleged in the SCN. There is nothing on record to substantiate that Noticee knowingly misrepresented the truth or concealed material fact, suggested a fact that Noticee believed is untrue, concealed any fact required to be disclosed. Noticee never made any promise or representation and not omitted any obligation under other law. The Noticee's behaviour was not deceptive, Noticee did not make any false statement. Lastly, Noticee did not issue any securities and the question of giving misinformation in relation thereto does not arise. As none of the Noticee's acts fall under the definition of "fraud" as provided under regulation 2(1)(c), Noticee cannot be charged of having violated PFUTP Regulations.*

(u) *Without prejudice to the aforesaid, if at all it is held that Noticee violated the aforesaid PFUTP Regulations then in that case no penalty should be imposed on her taking into consideration the mitigating circumstances and factors under section 15J of the SEBI Act:*

  (i) *Noticee was under the belief that since the transactions were executed under the stock exchange mechanism and were therefore genuine;*
  (ii) *No illegal gain was made by Noticee while trading in the stock options segment;*
  (iii) *No loss was caused to any investor or group of investors as a result of the Noticee's trading nor the same was alleged against Noticee in the SCN;*
  (iv) *SEBI has taken any kind of action against the Noticee for the first time.*

(v) *In the present matter, it was alleged that Noticee executed only one reversal transaction comprising of two (one buy and one sell) fraudulent and non-genuine trades in one unique contract which created an artificial volume of 13000 units, comparing the same with the other orders in the matter of ISO passed by SEBI, a lesser penalty like warning, etc., may at most be imposed taking into consideration the mitigating factors and circumstances as mentioned above.*

10. Subsequently, vide Post SCN Intimation (hereinafter referred to as **"PSI"**) dated August 05, 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**"). It was informed 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 on 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. The PSI was served upon the Noticee by SPAD.

11. It was observed that the Noticee did not avail the Settlement Scheme 2022, therefore, the adjudication proceedings against her were resumed. Accordingly, vide notice of hearing dated May 25, 2023, Noticee was granted an opportunity of hearing on June 12, 2023 by the erstwhile AO.

12. Further, a second PSI dated March 06, 2024 was issued to the Noticee, wherein it was informed that SEBI had introduced another Settlement Scheme, i.e., SEBI Settlement Scheme, 2024 (hereinafter referred to as "**Settlement Scheme 2024**") in terms of regulation 26 of Settlement Regulations. It was informed to the Noticee that the Settlement Scheme 2024 provided an opportunity to the entities against whom proceedings were initiated and appeals against the said proceedings were pending, to settle the proceedings. The applicable period of the scheme was from March 11, 2024 to May 10, 2024. Later, the Settlement Scheme 2024 was extended till June 10, 2024 by SEBI vide Public Notice dated May 08, 2024.

13. It was observed that Noticee did not avail the Settlement Scheme 2024, therefore, the adjudication proceedings against her were resumed. Accordingly, vide notice of hearing dated January 01, 2025, Noticee was granted another opportunity of hearing by erstwhile AO on January 14, 2025, which she did not avail.

14. Pursuant to appointment of the undersigned as AO, vide notice of hearing dated July 14, 2025, Noticee was granted a fresh opportunity of hearing on August 05, 2025. However, the said notice of hearing issued by SPAD could not be delivered to the Noticee and returned undelivered to SEBI with the postal endorsement "left".

15. Moreover, pursuant to telephonic discussion with the Noticee, vide notice of hearing dated February 27, 2026, a final opportunity of hearing on March 11, 2026 was

granted to the Noticee. However, Noticee did not avail the said opportunity of hearing also.

**CONSIDERATION OF ISSUES AND FINDINGS**

16. I have perused the allegations levelled against Noticee in the SCN, her 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?

17. 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?**

18. Before proceeding to the merits of the case, it is appropriate to deal with the preliminary issues raised by the Noticee. Noticee submitted that the alleged trades took place in 2015 and SCN was issued in 2021, thus, there is a delay of more than six years in issuance of the SCN, which caused grave prejudice to the Noticee. Noticee contended that SCN was issued beyond the statutory period of limitation of three years as prescribed in the Limitation Act, 1963. In this regard, I note that pursuant to a preliminary examination conducted in the ISO matter, an Interim Order was passed by SEBI on August 20, 2015 which was confirmed vide Orders dated July 30, 2016 and August 22, 2016. Meanwhile, SEBI initiated a detailed investigation relating to stock options segment of BSE which was completed in the year 2018. The investigation revealed that 14,720 entities were involved in executing non-genuine trades in BSE's stock options segment during the IP. The proceedings initiated vide the aforementioned Interim Order were disposed of vide Final Order dated April 05, 2018 also considering that appropriate action was initiated against the said 14,720 entities in a phased manner. During the course of hearing in the case of *R. S. Ispat Ltd v. SEBI*, the Hon'ble SAT, vide Order dated October 14, 2019, *inter alia*, observed that *"SEBI may consider holding a Lok Adalat or adopting any other alternative dispute resolution process with regard to the Illiquid Stock Options".*

19. Accordingly, a Settlement Scheme was framed under the Settlement Regulations, which provided one-time opportunity for settlement of the proceedings in the ISO matter. The said scheme was kept open from August 01, 2020 till December 31, 2020. Thereafter, adjudication proceedings were initiated against those entities who had not availed of the opportunity of settlement in the said scheme. Further, another settlement scheme, i.e., Settlement Scheme 2022 was brought into force from

August 22, 2022 to January 21, 2023. Finally, a third settlement scheme, i.e., Settlement Scheme 2024 was offered from March 11, 2024 to June 10, 2024.

20. It is further noted that there is no timeline prescribed in the SEBI Act for the purpose of identifying trades as non-genuine and initiating adjudication proceedings. In this regard, it is pertinent to note that, in the matter of SEBI v. Bhavesh Pabari (2019) SCC Online SC 294, the Hon'ble Supreme Court, inter alia, held that:

> *"There are judgement which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."*

21. Pursuant to appointment of AO on April 30, 2021 in the instant matter, SCN dated November 08, 2021 was issued to the Noticee. Subsequently, a PSI dated August 05, 2022 was served to the Noticee regarding Settlement Scheme 2022, however, she did not avail the said scheme. Further, vide second PSI dated March 06, 2024, Noticee was informed about the Settlement Scheme 2024, however, she failed to avail the said settlement scheme. Furthermore, Noticee was provided opportunities of personal hearing in March 2022, May 2023, January 2025, July 2025 and February 2026, which she did not avail. Hence, Considering the narration of facts in the foregoing paragraphs, I note that there has been no inordinate delay in initiation of the proceedings as contended by the Noticee.

22. Further, in respect of the contention of the delay, I also note that delay itself may not be a ground that would vitiate the instant proceedings. However, it is required to examine whether delay has caused any prejudice. I note that Noticee has contended that delay caused grave prejudice to her. In this regard, it is noted that all the relevant and relied upon documents related to the allegations levelled in the SCN were provided to the Noticee, hence, in my view, Noticee had sufficient material to defend her case. Thus, I find that the Noticee has failed to make out a case of prejudice and, in fact, no prejudice has been caused upon her. In view of the aforesaid, the

contentions of inordinate delay in issuance of the SCN and prejudice caused upon Noticee are untenable.

23. Noticee further argued that the SCN was issued without allowing any cross-examination of trading members and without having any complaints of fraud in 2014 and 2015. In this regard, it is noted that no statement of trading members was recorded under oath during the investigation process and no such statement was relied upon in the present proceedings. Therefore, question of cross-examination of trading members does not arise. Regarding Noticee's contention that no complaint was received in 2014 and 2015, I note that the allegations pertaining to the Noticee's non-genuine trades neither depend nor rely upon the receipt of any complaint of fraud against her. It is noted that there is no pre-requisite of any complaint for initiation of the proceeding for non-genuine and manipulative trades. Hence, the contentions of Noticee are devoid of any merit.

24. Therefore, the preliminary issues raised by the Noticee are not tenable. I shall now proceed to address the key issues that arise for consideration.

25. I note that it was alleged in the SCN that the Noticee, while dealing in the stock options contract on 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, lead to false or misleading appearance of trading in terms of generation of artificial volumes and hence, were deceptive and manipulative.

26. From the documents on record, it is noted that the Noticee was one of the entities who had indulged in non-genuine reversal trades and created artificial volume of 13,000 units through two trades non-genuine trades in one stock options contract during the IP. The summary of trades is given below:

**Table No. 2**

| 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** |
| YESB15APR720.00CEW1 | 58.50 | 6,500 | 104.65 | 6,500 | 100% | 23.21% |

27. On March 30, 2015, at 12:47:56 hours, Noticee entered into a buy trade in a contract, viz., 'YESB15APR720.00CEW1' with counterparty 'Raj Kapoor' for 6,500 units at Rs. 58.5/- per unit. On the same day, at 12:53:13 hours, Noticee entered into a sell trade of same the contract with the same counterparty for 6,500 units at Rs. 104.65/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of two trades (one buy trade and one sell trade) with the same counterparty, viz., 'Raj Kapoor' on same day and with significant price difference of Rs. 46.15/- in buy and sell rates within a span of six minutes. It is observed that the Noticee's two trades, while dealing in the aforesaid contract, generated an artificial volume of 13,000 units, which made up to 23.21% 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 her total volume in the contract during the IP.

28. In response to the allegations, Noticee submitted that there was no warning or any observation from the regulators about the stock options and underlying scrips traded by her and SEBI has not taken any action against stock exchange till date. In this regard, it is noted that the responsibility of ensuring the genuineness of trades rests with the Noticee. The Noticee is expected to act with due diligence and cannot shift responsibility of her own trading decisions on regulators. Further, I note that Noticee admittedly traded in the aforesaid stock options contract. Thus, she was well aware

of the said trades and gave her consent for the same, hence, she is responsible for the impugned trades. Therefore, the above contention of Noticee is not tenable.

29. Noticee further contended that she placed orders through the anonymous stock exchange platform, the obligations arising out of it have been settled through the clearing mechanism of the stock exchange and she was also subjected to various charges and taxes on the transactions, *inter alia*, exchange turnover charges, service tax, STT, SEBI turnover fee, stamp duty, etc. In this regard, it is noted that in the present proceedings, genuineness of the reversal trades executed by the Noticee is in question and not that how the trades were placed or whether the trades were settled as per the norms of the stock exchange or whether the statutory due were paid or not. The manner in which impugned trades were executed by the Noticee indicates that there was pre-determination of the prices and timings of trades between the counterparties while executing the trades and the trades were reversed with same counterparty within few minutes with significant price difference. Hence, these submissions of the Noticee are untenable.

30. In this regard, it is pertinent to refer to the 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, wherein it was held that *"……...Orchestrated trades are a misuse of the market mechanism. It is playing the market and it affects the market integrity.*

*……The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors. By synchronization and rapid reverse trade, as has been carried out by the traders in the instant case, the price discovery system itself is affected. Except the parties who have pre-fixed the price nobody is in the position to participate in the trade. It also has an adverse impact on the fairness, integrity and transparency of the stock market."*

Therefore, it is noted that the synchronization and reversal trades affects the price discovery system and have an adverse impact on the fairness, integrity and

transparency of the stock market. Hence, the submission of the Noticee in this regard is devoid of merit.

31. Further, Noticee submitted that the trades were placed from the trading terminals having online mechanism and were executed on the anonymous trading platform of the stock exchange and Noticee was unaware of the counterparty to these trades. Noticee contended that she was related or connected to the counterparty, therefore, without the theory of collusion or meeting of minds between the two parties being established, the allegations in the SCN do not hold good. In this regard, I note that the non-genuineness of the impugned transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within few minutes, the Noticee reversed the position with the same counterparty with significant price difference of Rs. 46.15/- 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 options contract, there was negligible trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation of Rs. 46.15/- in buy (Rs. 104.65/- per unit) and sell price (Rs. 58.5/- per unit) of the said contract, within few minutes, is a clear indication that there was pre-determination in the prices by the counterparties while executing the trades. Further, the time proximity between the order placements by the Noticee and her counterparty for both buy-side and sell-side transactions was less than two minutes. Such precision in execution across both legs of the trades strongly suggests a prior meeting of minds, characteristic of non-genuine or pre-arranged transactions. 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.

32. Noticee further submitted that matching of buy and sell trades with the same counterparty can be one-off case of sheer luck and co-incidence and was not manipulative trades. I note that it is not 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 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.

33. Here, I would like to rely on the following judgement of Hon'ble Supreme Court in the matter of *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."*

34. Therefore, applying the ratio of the above judgment, it is observed that the execution of trades by the Noticee in the illiquid 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 of Rs. 46.15/- in buy price (Rs. 104.65/- per unit) and sell price (Rs. 58.5/- per unit) of the same contract, within few minutes was a clear indication that there was pre-determination in the prices by the counterparties. 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. Hence, Noticee's trades were non-genuine, manipulative and deceptive in nature, which created false or misleading appearance of trading in terms of artificial volumes in said stock options contract.

35. Noticee further contended that none of her acts fall under the definition of "fraud" as provided under regulation 2(1)(c), thus, she cannot be charged of having violated PFUTP Regulations. In this context, it is relevant to refer to judgement of the Hon'ble Securities Appellate Tribunal in the matter of *Ketan Parekh v. SEBI* (in Appeal No. 2 of 2004; date of decision July 14, 2006), wherein it was held as follows:

> *"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."*

36. In this regard, further reliance is placed on judgment of Hon'ble Supreme Court in the matter of *SEBI v. Rakhi Trading Private Limited***,** 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…."*

37. 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 part of the Noticee attract monetary penalty under section 15HA of SEBI Act?**

38. In the findings made in foregoing paragraphs, it has been established that the Noticee executed non-genuine reversal trades, which created false and misleading appearance of trading, thereby generated artificial volumes in the stock options segment of BSE during the IP, therefore, Noticee violated the provisions of regulations 3(a), (b), (c) and (d) and regulation 4(1) and 4(2)(a) of the PFUTP Regulations.

39. Regarding levy of penalty, Noticee submitted that no undue profit was made by her from the said trades and no loss was caused to any investor, therefore, no penalty should be imposed on her. In this regard, I note that Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Komal Nahata v. SEBI (Appeal No. 5 of 2014 dated January 27, 2014)* observed that *"Argument that no investor has suffered on account of non-disclosure and that the AO has not considered the mitigating factors set out under Section 15J of SEBI Act, 1992 is without any merit because firstly penalty for noncompliance of SAST Regulations, 1997 and PIT Regulations, 1992 is not dependent upon the investors actually suffering on account of such non-disclosure"*.

40. Further, it is noted that in Appeal No. 78 of 2014 in the case of *Akriti Global Traders Ltd. v. SEBI*, the Hon'ble SAT vide order dated September 30, 2014 observed that

*"… Argument of appellant that the delay was unintentional and that the appellant has not gained from such delay and therefore penalty ought not to have been imposed is without any merit, because, firstly, penal liability arises as soon as provisions under the regulations are violated and that penal liability is neither dependent upon intention of parties nor gains accrued from such delay".*

41. Therefore, considering the above findings and the judgement 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 15HA 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 consideration the factors mentioned in section 15J of the SEBI Act?**

42. 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."*

43. 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 two non-genuine trades entered by the Noticee in one options contract led to creation of artificial trading volumes which had the effect of distorting the market mechanism in the stock options segment of BSE, I find that the aforesaid violations were detrimental to the integrity of securities market and therefore, it should be dealt with suitable penalty.

**ORDER**

44. 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 (Anju 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.

45. Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link:

**ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW**

46. 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.

47. 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: 2026.03.18 11:37:09 +05'30'

**Place: Mumbai**
**Date: March 18, 2026**

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