BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MS/SM/2026-27/32708]

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) RULES, 1995, IN RESPECT OF:

PUJA RUNGTA
(PAN: ACYPR2483A)

In the matter of Trading in Illiquid Stock Options at BSE

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") observed large scale reversal of trades in stock options segment of Bombay Stock Exchange (hereinafter referred to as "**BSE**"). SEBI observed that such large scale reversal of trades in stock options lead to creation of artificial volume at BSE. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in illiquid stock options at BSE for the period April 1, 2014 to September 30, 2015 (hereinafter referred to as "**IP**").

2. Pursuant to investigation, it was observed that total of 2,91,744 trades comprising 81.40% of all the trades executed in stock options segment of BSE during the IP were allegedly non genuine trades. The aforesaid alleged non-genuine trades resulted into creation of artificial volume in stock options segment of BSE during the IP. It was observed that Puja Rungta (PAN – ACYPR2483A) (hereinafter referred to as the "**Noticee**") was one of the various entities, which indulged in execution of reversal trades in stock options segment of BSE during the IP. Such trades were alleged to be non-genuine in nature and created false or misleading appearance of trading in terms of artificial volumes in stock options and therefore were alleged to be manipulative, 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 Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

APPOINTMENT OF ADJUDICATING OFFICER

3. Erstwhile AOs were appointed vide communique dated November 12, 2021, January 29, 2025, April 04, 2025 and September 18, 2025. Thereafter, the case was assigned to this office as Adjudicating Officer in the matter, vide communique dated June 01, 2026, under section 19 read with Section 15-I(1) of the SEBI Act, 1992 (hereinafter referred to as "SEBI Act, 1992") and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "Adjudication Rules") to conduct adjudication proceedings in the manner specified under Rule 4 of Adjudication Rules read with Section 15-I(1) and (2) of SEBI Act, 1992, and if satisfied that penalty is liable, impose such penalty deemed fit in terms of Rule 5 of Adjudication Rules and Section 15HA of SEBI Act, 1992.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice having reference no. SEBI/HO/EAD3/P/OW/2022/37654/1 dated August 04, 2022 (hereinafter referred to as 'SCN') was issued to the Noticee via SPAD under Rule 4(1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against it for the alleged violation of Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of PFUTP Regulations, 2003 and liable to penalty under section 15HA of the SEBI Act, 1992 for the violations alleged to have been committed by Noticee.
5. Further, the Noticee was informed about the SEBI Settlement Schemes, 2022 through the aforesaid SCN dated August 02, 2022 in terms of regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options and in case, Noticee does not wishes to avail of the facility under the SEBI Settlement Scheme, 2022, Noticee was

advised to file a reply to the SCN within 30 days of the receipt of the SCN. The aforesaid SCN cum SEBI Settlement Scheme 2022 was sent to Noticee via email and SPAD.

6. The SCN issued to the Noticee inter-alia alleged the following:

   i. It was observed from the trade data of the Noticee that it had allegedly executed 4 reversal trades in 2 contracts, which resulted in creation of artificial volume of 1392000 units which created false and misleading appearance of trading and generated artificial volumes in the stock options segment of the BSE during the investigation period during April 1, 2014 to September 30, 2015 in violation of the aforesaid regulations.
   ii. In view of the above, it was alleged that the Noticee, by indulging in execution of reversal trades in Stock Options with same entities on the same day, which were non-genuine in nature, had created false or misleading appearance of trading in the alleged contracts in the options segment of BSE. As these contracts were illiquid in nature, the Noticee allegedly created artificial volume in stock options which was manipulative and deceptive in nature. Therefore, it was alleged that the Noticee violated the provisions of Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations.

7. Noticee vide letter dated August 08, 2022, November 09, 2022, email dated January 18, 2023, January 16, 2023 submitted reply to the SCN.

8. Vide Hearing Notice bearing reference no. SEBI/HO/EAD/EAD-3/BM/GN/OW/ 2023/17049/6 dated April 26, 2023 Noticee was granted opportunity of hearing by erstwhile Adjudicating Officer. Hearing Notice was delivered through SPAD. On the scheduled date of hearing i.e May 08, 2023, the Authorised Representative (AR) of Noticee appeared for hearing through Video Conferencing. The AR of Noticee attended and reiterated the submissions made vide letter dated August 08, 2022. Further, AR of the Noticee sought time till May 20, 2023 to make further submissions in the matter and requested hearing in the matter. Vide letter dated May 15, 2023, Noticee made further submissions in the matter. Thereafter, vide

email dated May 31, 2023, erstwhile AO acceded the request of Noticee for another personal hearing and granted another opportunity of hearing on June 08, 2023. On the scheduled date of hearing Noticee was appeared for hearing before erstwhile AO through video conferencing. AR of the Noticee reiterated the submissions made vide letter dated May 15, 2023.

9. Upon transfer of instant proceedings to the undersigned and in the interest of natural justice, an opportunity to file reply to the SCN and an opportunity of personal hearing in the matter was granted to the Noticee vide Hearing Notice dated June 10, 2026 and an email was also sent along with digitally signed Hearing Notice on the same day informing the Noticee of the scheduled personal hearing on June 22, 2026. Hearing Notice was delivered through SPAD and email. Noticee submitted her reply to the SCN vide letter dated June 21, 2026.

10. On the scheduled date of hearing viz., June 22, 2026, the AR of Noticee reiterated the submissions made vide letter dated May 15, 2023 and June 21, 2026. AR confirmed that there were no further/ additional submissions to be made in the matter.

11. The submissions made by the AR of the Noticee vide letter dated May 15, 2023 are summarized below:

"…

PRELIMINARY SUBMISSION:

a. *That my client denies and disputes the alleged trades purported in the Show Cause Notice. It is denied by my client the she had executed the alleged trades. It is further denied that my client had instructed the Broker: Guiness Securities Limited to execute the alleged trades. It is the contention of my client that the alleged trades were not executed by her.*

b. *That my client is in receipt of a Show Cause Notice dated 04.08.2022 received on 08.08.2022 wherein the allegations of dealing in illiquid stock option at BSE was alleged. My client had filed preliminary reply on the same day. A true copy of the preliminary reply dated 08.08.2022 is marked and annexed as Annexure-A.*

c. *That vide the preliminary reply submitted by my client, it was most humbly submitted that the alleged trades were never executed, hence the show cause notice was misconceived and liable to be dismissed.*

d. *That my client to had furnished her Bank Account statement for the relevant period i.e., 01.03.2015 to 30.04.2015. A bare perusal of the Bank Statement would evince that there was no transaction between the Broker i.e., Guiness Securities Limited and my client. That the alleged trade date is 12.03.2015 and the approximate value of the trade is 8 to 9 Crores, it is clear from the Bank Account that no trade was executed by my client, there is no pay-in pay-out transaction. A true copy of the Bank Account Statement for a period of 01.03.2015 to 30.04.2015 is marked and annexed as Annexure-B.*

e. That my client/ Noticee had furnished a copy of the Client Master List certified by the National Securities Depositories Limited ("NSDL") which specified the Bank Account details of the Noticee which was registered with the Broker i.e., Guiness Securities Limited. Hence, my client to show his bonafide had already submitted the Statement of the same Bank Account. A true copy of Client Master List for Client ID 10381531 is marked and annexed as Annexure-C.

f. That my client had furnished her relevant Income Tax Return which substantiated the claim of my client, that no trade was executed. As per the alleged trade data, my client had made a purported profits, which cannot be true, as the Noticee/ my client would have reported the same to the income tax authorities vide the Income Tax Return. A true copy of the income tax return for the year AY 2015 - 2016 is marked and annexed as Annexure-D.

g. That it is a clear case where an innocent investor has been cheated by the Broker, and other related entities.

h. That due to abandoned precaution the Noticee/ my client had filed a SCORES Complaint against to broker SEBIE/WB22/0000971/1 for the execution of the unauthorized trade, if any. My client had no knowledge of the alleged trade until the Show Cause Notice was served upon her. A true copy of the SCORES Complaint filed with the Securities and Exchange Board of India is marked and annexed as Annexure-E.

i. That the SCORES Complaint of the Notice/ my client SEBIE/WB22/0000971/1 was closed vide an email dated 23.09.2022 and the reason cited was "your grievance is pertaining to the SEBI in ISO matter. Therefore, you are advised to approach the Adjudicating Officer for the matter for any specific query or trade details." However, my client was approached by the official of Bombay Stock Exchange who had cited a Public Notice dated 16.05.2019 wherein, the exchange was constrained to declare the Trading Member/ Broker i.e., Guiness Securities Ltd. 'defaulter'. A true copy of the defaulter Notice dated 16.05.2019 is marked and annexed as Annexure-F.

j. That my client had access to the Client Ledger from a period of 01.04.2015 to 30.06.2015, however no Ledger was generated/ or provided for the period of the Trade. My client vide multiple emails, and through Speed Post, also tried contacting the Broker/ Trading Member, however all attempts of my client had failed. Vide email dated 02.11.2022 my client had again tried to contact the broker; however, the attempt was unsuccessfully. A true copy of email dated 02.11.2022 is marked and annexed as Annexure-G. A true copy of the Ledger dated 01.04.2015 to 30.06.2015 is marked and annexed as Annexure-I.

k. It is the contention of my client that the alleged trades were not executed by her. The same is evidenced by the documents furnished with the instant reply.

l. That the alleged trade date is 12.03.2015 and the approximate value of the trade is 8 to 9 Crores, there is no such transaction in the Bank Account or ITR of my client. That my client has gained no fraudulent income by the alleged trade which was not executed by her, hence, no prosecution under Section 15 HA of the SEBI Act, 1992 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 can lie.

m. That my client humbly requests you to close the present Show Cause Notice.

n. That my client craves leave to file additional documents, if required.

o. That my client requests a personal hearing to explain the facts of the present case in brevity.

…".

12. The submissions made by the AR of the Noticee vide letter dated June 21, 2026 are summarized below:

"…

I act for and on behalf of my Client, the above-named Puja Rungta (hereinafter referred to as the "Noticee"), and under her authority and instructions, I hereby submit this Updated Reply to the Show Cause Notice (hereinafter "SCN") bearing reference SEBI/HO/EAD/EAD3/P/OW/2022/37654/1 dated 04.08.2022, issued in the matter of alleged dealings in Illiquid Stock Options ("ISO") at BSE. This reply is filed in continuation of and in addition to the earlier Reply dated 15.05.2023, and further submissions made in the Personal Hearings held on 08.05.2023 and 08.06.2023. New and material facts, documents and legal arguments have emerged subsequent to the said hearings, which are brought to the kind attention of this Hon'ble Adjudicating Officer ("AO") for fair consideration before passing any order in the matter.

2. At the outset, except for those which are expressly admitted hereinafter, all allegations, statements, averments and submissions in the SCN are denied as being entirely baseless, fabricated and false.

3. The Noticee vehemently and strongly denies each and every allegation in the SCN and reiterates that the necessary documents furnished herewith, along with those submitted earlier, conclusively demonstrate her bona fides and the complete absence of any wrongdoing on her part.

4. The alleged trades were never executed by her, were never authorized by her, and were executed without her knowledge, consent or instruction by the Broker, Guiness Securities Limited (Clg. No. 3027), which has since been declared a defaulter by the Bombay Stock Exchange Limited. The Noticee is a victim of broker fraud and ought not to be penalized for the broker's misconduct.

5. The Noticee received the SCN dated 04.08.2022 (received 08.08.2022), alleging that she had indulged in non-genuine reversal trades in Illiquid Stock Options at BSE during the period April 01, 2014 to September 30, 2015, allegedly violating Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("PFUTP Regulations").

6. Specifically, the SCN and its Annexure-3 & Annexure-4 (BSE EQD Tradelog) allege that on 12.03.2015, the following 4 trades were executed under PAN ACYPR2483A, throughTrading Member Guiness Securities Ltd. (Clg. No. 3027), Client Code P3636.

7. Upon receipt of the SCN, the Noticee immediately filed a preliminary reply on 08.08.2022 (Annexure-A), categorically denying all the alleged trades and establishing that no such transactions appear in her bank account or income tax records.

8. Detailed reply with supporting documents was filed on 15.05.2023 (hereinafter "Earlier Reply"). Submissions in the Earlier Reply were reiterated during the Personal Hearing dated 08.05.2023. During the second and final Personal Hearing held on 08.06.2023, the Authorized Representative appeared before the AO, reiterated all earlier submissions, and was informed that no further hearing would be granted.

9. Subsequent to the final hearing, material developments have occurred that further strengthen the Noticee's case and conclusively establish her innocence. These are set out below and are brought to the AO's attention as additional written submissions in the interest of justice.

10. Without prejudice to the updated submissions below, the Noticee reiterates all submissions made in the Earlier Reply dated 15.05.2023, which are briefly summarized as follows:

(a) Denial of Alleged Trades: The Noticee categorically denies having executed, authorized or instructed the Broker to execute any of the 4 trades alleged in the SCN. It is submitted that the said trades were never executed by the Noticee and the Broker, Guiness Securities Limited, has registered these trades in the exchange system without the knowledge, consent or authority of the Noticee.

(b) Bank Account Statement – No Pay-in/Pay-out: The Noticee's Bank Statement (Union Bank of India, Account No. 397002010005513, IFSC: UBIN0539708) for the relevant period from 01.03.2015 to 30.04.2015 (Annexure-B) conclusively establishes that:

i. There was no inflow or outflow of any amount in the said account during the relevant period.

ii. The transactions in the bank account during this period reflect only routine transactions of small amounts.

iii. No pay-in or pay-out corresponding to the alleged trades appears in the account.

iv. The only entries pertaining to Guiness Securities Limited in the bank account are: a debit of Rs. 842/- on 03.03.2015 and a debit of Rs. 10,000/- on 09.04.2015 – entirely inconsistent with trades worth.

This is the same bank account that was registered with the Broker as per the NSDL Client Master List (Annexure-C). If trades of such magnitude had been genuinely executed, there would necessarily have been corresponding pay-in/pay-out transactions in this account.

(c) Income Tax Return – No Profit Reported: The Noticee's Income Tax Return for Assessment Year 2015-16 (Annexure-D), filed on 08.08.2015, shows:

- *Gross Total Income: Rs. 5,60,011/-*
- *Total Income: Rs. 5,21,400/-*

As per the alleged trade data, the Noticee is purported to have made significant profits from the reversal trades. C However, no such income is reflected in the ITR.

(d) SCORES Complaint – Victim's Complaint: The Noticee, upon being served with the SCN, immediately acted as an aggrieved party and filed a SCORES Complaint (No. SEBIE/WB22/0000971/1) against Guiness Securities Limited for unauthorized trades in her account (Annexure-E). This is the conduct of an innocent victim, not an active participant in market manipulation. The Rs. 842/- is now characterized as the lifetime Demat account opening charge, and the Rs. 10,000/- is explained as a refundable deposit that was returned (cross referenced with the credit entry in the Client Ledger at Annexure-I). The argument lands hard: the entire financial relationship between Puja Rungta and Guiness Securities amounts to just Rs.10,842/-, making trades of Rs. 8–9 Crores completely implausible.

The SCORES Complaint was disposed of on 23.09.2022 with the observation: "your grievance is pertaining to the SEBI in ISO matter. Therefore, you are advised to approach the Adjudicating Officer for the matter for any specific query or trade details." – which is what the Noticee has done through the present proceedings.

(d) Guiness Securities – Declared Defaulter: The Broker, Guiness Securities Limited, was declared a defaulter by BSE w.e.f. 08.05.2019 and also expelled from the Exchange (BSE Public Notice dated 16.05.2019, Annexure-F). This declaration itself is indicative of the Broker's systemic fraudulent conduct vis-à-vis its clients. Investors having outstanding claims against Guiness Securities Limited were called upon to file their claims within 90 days from the date of the notice.

(f) Failed Attempts to Contact Broker: The Noticee made multiple sincere and documented attempts to contact the Broker for clarification and for obtaining documents to reply to the SCN:

- *Email dated 02.11.2022 to info@guinessgroup.net and compliance@guinessgroup.net (Annexure-G)*
- *Registered AD letter dated 09.11.2022 (Annexure-H with speed post receipt)*

All these attempts were unsuccessful, as the Broker has been declared a defaulter and is no longer operational.

(g) Client Ledger – No Trade Entry: The Client Ledger obtained from Guiness Securities Limited covers the period 01.04.2015 to 30.06.2015 (Annexure-I). No ledger was provided or available for the period of the alleged trade (12.03.2015). The available ledger shows only routine F&O settlement entries in May–June 2015, with no entry for any trade dated 12.03.2015 or any settlement of the trade alleged.

11. BSE's Reply dated 16.06.2023 Confirming Default and Inability to Proceed: Subsequent to the final hearing, the Noticee received a communication dated 16th June, 2023 from Mr. Raktim Ray, Assistant Manager, Investor Services, BSE Limited,

Kolkata (Annexure-J), in response to the Noticee's complaint against Guiness Securities Limited. The said email states as follows:

"This has reference to your complaint against the captioned Trading Member. In this regard, on verifying the trades based on PAN provided by you (and as updated in the Unique Client Code Database by the trading member of the Exchange), it is observed that the trades were executed under PAN: ACYPR2483A through Trading Member, Guiness Securities Ltd (Clg. No. 3027) and the same is enclosed herewith for your perusal.

Further, kindly note that the trading Member Guiness Securities Ltd. is declared defaulter vide exchange notice no. 20190508-40 dated 08.05.2019, hence, we cannot further proceed in the matter.

In view of the same, we are treating your complaint as closed."

12. For the alleged violations of Regulations 3 and 4 of the PFUTP Regulations, 2003, the prosecution must establish not just the occurrence of trades but also the intent (mens rea) to create false or misleading appearance, or to manipulate the market. It is respectfully submitted that:

a) The Noticee had absolutely no knowledge of the alleged trades until she received the SCN in August 2022 – nearly 7 years after the trades were allegedly executed.

b) The Noticee's immediate reaction upon receiving the SCN was to file a SCORES complaint against the Broker, seek documents from the Broker, and deny the trades before this office.

c) There is not a shred of evidence – phone records, emails, order instruction records, digital trails or financial flows – to show that the Noticee placed or authorized any orders.

d) The Noticee received absolutely no financial benefit. The Bank Statement and ITR conclusively negate any suggestion of profit.

e) Without intent to defraud or knowledge of participation in non-genuine trades, the Noticee cannot be held liable under Section 15HA of the SEBI Act or the PFUTP Regulations.

PRAYER

In view of the aforesaid facts, circumstances and documents, the Noticee humbly and respectfully prays that this Hon'ble Adjudicating Officer may be pleased to:

a. Close the Show Cause Notice No. SEBI/HO/EAD/EAD3/P/OW/2022/37654/1 dated 04.08.2022 against the Noticee in its entirety;

b. Hold that the Noticee has not violated Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of the SEBI PFUTP Regulations, 2003, as the alleged trades were executed by the Broker without her knowledge, consent or authorization;

c. Pass such other order(s) as this Hon'ble Adjudicating Officer deems just and equitable in the interest of justice.

The Noticee craves leave to submit additional documents, affidavits or arguments as may be required or directed by this Hon'ble Adjudicating Officer.

…".

13. It is noted that Noticee as part of reply to the SCN has inter alia submitted the following:

"…

(a) Denial of Alleged Trades: The Noticee categorically denies having executed, authorized or instructed the Broker to execute any of the 4 trades alleged in the SCN. It is submitted that the said trades were never executed by the Noticee and the Broker, Guiness Securities Limited, has registered these trades in the exchange system without the knowledge, consent or authority of the Noticee.

(b) Bank Account Statement – No Pay-in/Pay-out: The Noticee's Bank Statement (Union Bank of India, Account No. 397002010005513, IFSC: UBIN0539708) for the relevant period from 01.03.2015 to 30.04.2015 (Annexure-B) conclusively establishes that:

i. There was no inflow or outflow of any amount in the said account during the relevant period.

ii. The transactions in the bank account during this period reflect only routine transactions of small amounts.

iii. No pay-in or pay-out corresponding to the alleged trades appears in the account.

iv. The only entries pertaining to Guiness Securities Limited in the bank account are: a debit of Rs. 842/- on 03.03.2015 and a debit of Rs. 10,000/- on 09.04.2015 – entirely inconsistent with trades worth.

…".

14. In this regard it is noted from material available on record that SEBI advised BSE to take up the matter with the concerned broker and furnish contract notes, pay-out details and broker statement indicating pay-out made. However, vide email dated October 10, 2023, BSE informed to SEBI that the broker is not responding despite several reminders. On perusing BSE website, it is observed that Guiness Securities Limited is a defaulter and expelled from BSE with effect from May 08, 2019.

15. In this regard it is noted that primary evidence which is the contract note containing the details pertaining to trades executed by the client is not available on record as the broker is no more operational. Therefore, due to the lack of primary evidence regarding the execution of trades by Ms. Puja Rungta, the present adjudication proceedings initiated against Noticee are dropped.

ORDER

16. In view of my findings noted in the preceding paragraphs and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, adjudication proceedings initiated against Puja Rungta (ACYPR2483A), vide SCN no. SEBI/HO/EAD3/P/OW/2022/37654/1 dated August 04, 2022 is disposed of.

17. In terms of rule 6 of the Adjudication Rules,1995, copy of this order is sent to SEBI and Noticee.

Medha Jeevan Sonparote

Digitally signed by Medha Jeevan Sonparote
Date: 2026.09.04 15:34:59 +05'30'

Date: September 04, 2026 **MEDHA SONPAROTE**

Place: Mumbai **ADJUDICATING OFFICER**