

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
ADJUDICATION ORDER NO. Order/AK/JR/2025-26/31501**

---

**UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF:**

**Satish Agrawal HUF (PAN: AAJHS3607N)**

**In the matter of dealings 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 Satish Agrawal HUF (hereinafter referred to as the "**Noticee**") was one of the various entities who 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**”).

3. Subsequently, an Adjudication order No. Order/VV/NK/2023-24/28549 dated August 7, 2023 was passed in the matter imposing a penalty of Rs 11,20,000/- (Rupees Eleven Lakh and Twenty Thousand only) on the Noticee u/s 15HA of SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) for the violation of Regulations 3 (a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations.
4. Noticee appealed before the Hon’ble Securities and Appellate Tribunal (hereinafter referred to as **SAT**), on the ground that the appellant was not served with the Show Cause Notice or the notice directing to attend personal hearing or the impugned order.
5. Hon’ble Securities Appellate Tribunal (hereinafter referred to as “**SAT**”), vide Order dated January 13, 2025, in, Appeal no. 5 of 2025 remitted the matter to SEBI to decide the matter afresh, stating, “*Order dated August 7, 2023 passed by the AO is set aside and the matter is remitted to the SEBI for fresh disposal in accordance with law. Appellant shall appear before the SEBI on January 27, 2025 without waiting for any notice.*”

#### **APPOINTMENT OF ADJUDICATING OFFICER**

6. In compliance with the abovementioned directions of Hon’ble SAT, vide communique dated January 20, 2025, undersigned was appointed as Adjudicating Officer (hereinafter referred to as “**AO**”) by SEBI u/s 19 of the SEBI Act r/w Section 15-I(1) of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”) to enquire into and adjudge u/s 15HA of SEBI Act, the alleged violation of Regulations 3(a),(b),(c),(d),4(1)and 4(2)(a) of PFUTP Regulations by the Noticee.

#### **PERSONAL HEARING & REPLY:**

7. The Show Cause Notice dated August 02, 2022 along with annexures was sent to the Noticee vide email dated January 21, 2025.
8. In the interest of Natural Justice, vide hearing notice dated January 20, 2025, Noticee was provided an opportunity of hearing on January 27, 2025. The said

notice was sent to the Noticee via SPAD and digitally signed email dated January 20, 2025 and was duly delivered. Vide email dated January 24, 2025, Noticee sought complete copy of investigation report, approval of investigation in the captioned matter, appointment of Investigating Officer, submission of the Investigation Report to the Board, the Board's approval and the appointment letter of the former learned AO.

9. On the scheduled date of personal hearing, the Authorised Representative (hereinafter referred to as "**AR**") of the Noticee appeared and he was informed that copies of the documents sought by him and available with SEBI shall be provided to him. Accordingly, vide email dated January 28, 2025 copies of all relevant documents were provided to the Noticee. Vide email dated January 28, 2025, the AR sought further documents and also requested that the Noticee be allowed to avail the Settlement Scheme, 2022 brought by SEBI in the matter. Vide email dated January 28, 2025 copies of the desired documents were sent to the Noticee. Noticee was also informed that all the contentions raised by him shall be dealt in a speaking order. The Noticee vide email dated January 31, 2025 submitted that he has decided to file a writ petition in the matter and sought extension of 3 weeks for personal hearing. Vide email dated February 4, 2025, the Noticee was informed that in the absence of any direction by appropriate judicial authority, the undersigned is not barred to proceed with the adjudication proceedings in terms of the Adjudication Rules. Vide email dated February 4, 2025, the AR of the Noticee submitted, inter alia, the following:

*9.1 My client has been provided with 30 days to file a reply. However, it is important to note that the trades in question date back to the year 2015. In order for my client to gather the necessary details and information pertaining to these trades, sometime is required.*

*9.2 The principle of natural justice mandates that parties be given a fair and adequate opportunity to present their case. In this instance, my client is being compelled to appear for a personal hearing before SEBI without having been granted sufficient time to file a detailed and informed reply, especially given the significant delays in the proceedings.*

10. The AR appeared before the undersigned on February 4, 2025 and sought 3 weeks' time to submit his reply in the matter. Vide email dated February 23, 2025, the Noticee informed that he has filed a writ petition in the Hon'ble High Court of Rajasthan. Vide email dated March 26, 2025, Noticee requested that an extension may be given to him till the pendency of the writ before the Hon'ble High Court. Vide email dated March 26, 2025, Noticee was informed that unless there is any direction from the Hon'ble High Court the matter must be concluded in time bound manner. He was also provided time till April 2, 2025 to make submissions on merits in the matter. Vide email dated April 3, 2025, Noticee submitted that no prejudice shall be caused to SEBI if the matter is kept pending until the Hon'ble High Court passes an order in the matter.
11. I note that despite many opportunities given to him to submit his reply, the Noticee did not file any reply on merits in the matter. In view of the above, I am proceeding in the matter based on material available on record.

### **ISSUES FOR CONSIDERATION, EVIDENCE AND FINDINGS**

12. I have carefully perused the allegations levelled against the Noticee and the documents / material available on record. The issues that arise for consideration in the present case are:

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

**Issue II:** Does the violation, if any, attract monetary penalty u/s 15HA of the SEBI Act?

**Issue III:** If so, what should 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?

13. Before proceeding further, I would like to refer to the relevant provisions of the PFUTP Regulations, as below:

#### **PFUTP Regulations**

#### ***3. Prohibition of certain dealings in securities***

*No person shall directly or indirectly—*

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

#### **4. Prohibition of manipulative, fraudulent and unfair trade practices**

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: —*
  - (a) indulging in an act which creates false or misleading appearance of trading in the securities —; .....*

14. Before going into the merits, I would like to first deal with the preliminary objection raised by the Noticee with regard to availing the Settlement Scheme, 2022. From the material available on record, it is noted that SEBI had framed the SEBI Settlement Scheme, 2022 (hereinafter referred to as “**Scheme**”) in accordance with the provisions of the SEBI (Settlement) Regulations, 2018 and issued a public notice dated August 19, 2022 about the Scheme and the modalities for availing the benefit of the Scheme. The notice about the Scheme was also made available on the website of BSE. The Scheme was initially kept open for a period of three months commencing from August 22, 2022 to November 21, 2022. Considering the interest of large number of entities to avail the Scheme, SEBI extended the Scheme till January 21, 2023 vide public notice dated November 22, 2022. Thereafter, the Scheme closed and for entities who did not avail it, adjudication

proceedings were resumed. As SEBI did not receive any application from the Noticee during the period of Scheme, the then Adjudicating Officer passed an order in the matter. It is now not possible to avail the Scheme as it was open only for limited time period.

15. I now proceed to deal with issues on merits.

16. I note that allegation against the Noticee is that, while dealing in the stock option contracts at BSE during the IP, it had executed reversal trades which were allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock option contracts at BSE. Reversal trades are considered to be those trades in which an entity reverses its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. The said reversal trades are alleged to be non-genuine trades as they are not executed in the normal course of trading, lack basic trading rationale, lead to false or misleading appearance of trading in terms of generation of artificial volumes and hence, are deceptive and manipulative.

17. I note from the trade log of the Noticee that it had traded in 61 contracts in the stock options segment of BSE during the IP. I note that the Noticee had allegedly executed 124 non-genuine trades in 61 contracts. I further note that the above mentioned trades of the Noticee had resulted in the creation of artificial volume of 21,84,000 units in the said contracts. Summary of alleged non-genuine trades of the Noticee is as follows:

S. No.	Contract Name	Avg. Buy Rate (Rs)	Total Buy Volume (No. of units)	Avg. Sell Rate (Rs)	Total Sell Volume (No. of units)	% Non Genuine trades of Noticee in contract to Noticee's Total trades in Contract	% Non Genuine trades of Noticee in contract to Total trades in Contract	% Artificial Volume generated by Noticee in contract to Noticee's Total Volume in Contract	% Artificial Volume generated by Noticee in contract to Total Volume in the Contract
1	ABNV15JUL1 470.00PE	8	10000	18	10000	100	11.11	100	6.29
2	ABNV15SEP 1650.00PE	7.25	14000	21	14000	100	20	100	13.59

3	ACCL15JUL1 320.00PE	14	8000	26	8000	100	100	100	100
4	AXIS15AUG6 40.00CE	9	10000	17	10000	100	14.29	100	4.61
5	AXIS15JUL62 0.00CE	11	12000	17	12000	100	50	100	26.09
6	BAJT15JUL1 860.00PE	6	7000	25	7000	100	20	100	12.96
7	BAJT15JUL2 430.00CE	54	6000	95	6000	100	25	100	12.77
8	BATA15SEP1 170.00CE	9.15	26000	27	26000	100	50	100	41.94
9	CENT15AUG 540.00PE	12.2 5	10000	29	10000	100	25	100	14.29
10	CENT15AUG 720.00CE	14	12000	27	12000	100	33.33	100	21.43
11	CENT15JUL5 40.00PEW2	7	12000	15	12000	100	100	100	100
12	CENT15JUL5 60.00PEW1	11	14000	18	14000	100	100	100	100
13	CENT15JUL7 40.00CE	4	14000	13	14000	100	20	100	9.72
14	CESC15AUG 460.00PE	4	15000	11	15000	100	16.67	100	7.54
15	CESC15JUL4 60.00PE	3	20000	8	20000	100	20	100	14.49
16	CIPL15AUG5 80.00PE	7	10000	12	10000	100	20	100	6.45
17	CIPL15AUG6 60.00CE	18	15000	27	15000	100	100	100	100
18	CIPL15JUL56 0.00PE	4	12000	9	12000	100	25	100	17.91
19	DRRL15JUL3 150.00PE	16	4000	45	4000	100	25	100	13.79
20	DRRL15JUL3 500.00PE	5.25	12000	20	12000	100	50	100	40
21	FEDB15AUG 130.00PE	0.35	90000	1.95	90000	100	100	100	100
22	FEDB15JUL1 25.00PE	0.55	50000	1.85	50000	100	100	100	100
23	GAIL15JUL42 0.00CE	0.55	56000	2.9	56000	100	50	100	52.83
24	HDBK15AUG 960.00PE	19	6000	27	6000	100	33.33	100	25
25	HDFC15JUL1 080.00PE	8	10000	18	10000	100	25	100	18.18

26	HDFC15JUL1 380.00CE	14	10000	29	10000	100	100	100	100
27	HERO15JUL 2220.00PE	14	3000	42	3000	100	50	100	37.5
28	HERO15JUL 2750.00CE	63	4000	118	4000	100	0.09	100	2.09
29	HERO15JUN 2280.00PE	16	3000	26	3000	100	100	100	100
30	ICIC15AUG3 60.00CE	4	20000	8	20000	100	100	100	100
31	IDEA15AUG1 55.00PE	2.1	30000	3.75	30000	100	100	100	100
32	IDFC15AUG1 75.00CE	2.1	30000	4	30000	100	100	100	100
33	IOCL15AUG4 00.00PE	7.05	20000	12	20000	100	100	100	100
34	IOCL15JUL4 00.00PE	1.41	83000	4.48	83000	100	100	100	100
35	IOCL15JUL4 40.00CE	1.35	53000	6	53000	100	50	100	63.1
36	JUST15AUG 1080.00PE	2.25	15000	11	15000	100	33.33	100	21.13
37	JUST15JUL1 410.00CE	9	12000	17	12000	100	100	100	100
38	JUST15JUL9 30.00PE	5	10000	14	10000	100	100	100	100
39	LNTL15AUG1 560.00PE	21	5000	39	5000	100	20	100	8.06
40	LNTL15JUL1 530.00PE	15	6000	24	6000	100	33.33	100	15.38
41	LUPL15JUL1 530.00PE	12	10000	27	10000	100	50	100	50
42	LUPL15JUL1 590.00PE	16	10000	45	10000	100	100	100	100
43	MARU15JUL 3350.00PE	21	4000	69	4000	100	14.29	100	8
44	MIND15JUL1 260.00PE	12	6000	22	6000	100	100	100	100
45	ONGC15AUG 290.00PEW1	1.05	49000	3.95	49000	100	100	100	100
46	ONGC15JUL 300.00PE	1.25	54000	6.2	54000	100	100	100	100
47	ONGC15SEP 340.00CE	2.05	52000	5.85	52000	100	100	100	100
48	RELI15AUG8 40.00PE	14	8000	25	8000	100	33.33	100	20



49	SIEM15AUG1 290.00PE	4.65	23000	14	23000	100	100	100	100
50	STAC15AUG 990.00PE	21	7000	34	7000	100	50	100	25.93
51	STAC15JUL1 470.00CE	21	10000	34	10000	100	50	100	33.33
52	STAC15JUL8 80.00PE	5	12000	14	12000	100	33.33	100	22.22
53	STAC15JUL9 20.00PE	4	10000	12	10000	100	14.29	100	8.93
54	STAC15JUN9 90.00PE	7	10000	14	10000	100	20	100	14.49
55	STAC15SEP 1410.00CE	5.25	18000	14	18000	100	100	100	100
56	TAMO15JUL 430.00PE	4	12000	8	12000	100	50	100	28.57
57	TAMO15JUL 540.00CE	5	12000	8	12000	100	100	100	100
58	TECM15AUG 480.00PE	18	11000	27	11000	100	20	100	8.21
59	WOCK15JUN 1140.00PE	16	5000	26	5000	100	50	100	33.33
60	WOCK15JUN 1620.00CE	26	5000	72	5000	100	25	100	14.29
61	WOCK15JUN 1770.00CE	14	5000	30	5000	100	100	100	100

18.I note that the Noticee had allegedly executed non-genuine trades in above contracts, wherein the percentage of alleged non-genuine trades of the Noticee in stock options contracts to total trades in the contract was 0.09% to 100%. Further, I also note that alleged artificial volume generated by the Noticee contributed 2.09% to 100% of the total volume from the market in the said contracts.

19.To illustrate, the details of squaring up done by the Noticee in the contract HERO15JUN2280.00PE are as under:

Trade Date	Client Name	CP Client Name	Trade Time	Trade Rate (Rs.)	Traded Quantity	Buy/Sell by the Noticee
25/05/2015	XION GEMS & JEWELLERS PVT. LTD	SATISH AGRAWAL HUF	14:50:13	26	3000	Sell
25/05/2015	SATISH AGRAWAL HUF	XION GEMS & JEWELLERS PVT. LTD	14:50:18	16	3000	Buy

20. As can be seen from the table above, the trades executed by the Noticee in the contract were squared in a short interval, with the same counterparty. Noticee while trading in the contract of HERO15JUN2280.00PE on May 25, 2015, executed sell trade of 3000 units at the rate of INR 26 per unit at 14:15:13 hrs to the counterparty, viz. Xion Gems and Jewellers Pvt. Ltd. Thereafter, on the same day in split seconds i.e. at 14:15:18 the Noticee Bought 3000 units at the rate of INR 16 per unit from the same counterparty.
21. These trades were entered into with the same counterparty in the same contract. I note that while dealing in the said contract during the IP, the Noticee executed reversal trades with same counterparty viz. Xion Gems and Jewellers Pvt. Ltd. on the same day, with significant price difference. Thus, the Noticee, through its dealing in the contract viz. HERO15JUN2280.00PE during the IP, executed non-genuine trades which was 100% of the total trades from the market in the said contract during the IP, and thereby, Noticee generated artificial volume of 6000 units which was 100% of the volume traded in the said contract from the market during the IP. In the same way, squaring up was done by the Noticee with the same counterparty in the 60 other contracts as mentioned in paragraph 17 above.
22. The non-genuineness of these 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 its counterparty. 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 contracts, there was no 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 counterparties while executing the trades. The fact that the buy and sell orders were placed by the Noticee and counterparty within a short span of time, strongly indicates meeting of minds. 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.

23. I note that it is not mere coincidence that the Noticee could match its trades with the same counterparty with whom it 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. This is the outcome of meeting of minds elsewhere and it was a deliberate attempt to deal in such a manner. I further note in matters dealing with violation of PFUTP Regulations, the reason as regards execution of non-genuine trades might not be immediately forthcoming. However, the correct test instead, is one of preponderance of probabilities. Here the judgment of Hon'ble Supreme Court in SEBI v Kishore R Ajmera (AIR 2016 SC 1079) decided on February 23, 2016 is relied upon, wherein it was held that- *"...According to us, knowledge of who the 2<sup>nd</sup> 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. The illustrations are not exhaustive..."*

24. The Hon'ble Supreme Court further held in the same matter that – *"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.”*

25. The observations made in the aforesaid judgments of Hon'ble Supreme Court apply with full force to the facts and circumstances of the present case. Therefore, applying the ratio of the above judgments, it is concluded 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 in prices of the same contract, within short span of time was a clear indication that there was pre-determination in the prices by both 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 its counterparty to carry out the trades at pre-determined prices
26. The following is noted from the judgement of the Hon'ble SAT in the matter of Ketan Parekh vs SEBI (supra): *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.*
27. Reliance is also placed on 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), in which the Hon'ble SC held that - *“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.....”*

28. Further, the Hon'ble SAT in its judgement dated September 14, 2020 in the matter of Global Earth Properties and Developers Pvt Ltd relied upon the Hon'ble Supreme Court judgement 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), and held that, *“It is not a mere coincidence that the Appellants could match the trades with the counter party with whom he had undertaken the first leg of respective trade. In our opinion, the trades were non-genuine trades and even though direct evidence is not available in the instant case but in the peculiar facts and circumstances of the present case there is an irresistible inference that can be drawn that there was meeting of minds between the Appellants and the counter parties, and collusion with a view to trade at a predetermined price.”*

29. Therefore, the trading behavior 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 contracts. In view of the above, allegation of violation of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations by the Noticee stands established.

**Issue II: Does the violation, if any, attract monetary penalty u/s 15HA of the SEBI Act?**

30. Considering the findings that the Noticee as mentioned above has executed non-genuine trades resulting in the creation of artificial volume, thereby violating the provisions of Regulation 3(a), (b), (c) & (d) & Regulation 4(1) and 4(2)(a) of the PFUTP Regulations it is concluded 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 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?**

31. While determining the quantum of penalty u/s 15HA of SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act which reads as under:

*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.*

32. 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 56 non-genuine trades entered by the Noticee in 19 contracts led to 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 securities market and therefore, the quantum of penalty must be commensurate with the serious nature of the aforesaid violations.

### **ORDER**

33. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act and in exercise of power conferred upon u/s 15-I of the SEBI Act r/w rule 5 of the Adjudication Rules, 1995, I impose a penalty of Rs 11,20,000/- (Rupees Eleven Lakh and Twenty Thousand only) u/s 15HA of the SEBI Act on Satish Agrawal HUF for violation of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations. I am of the view that the said penalty is commensurate with the violations by the Noticee.

34. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either through online payment facility available on the website of SEBI, i.e. [www.sebi.gov.in](http://www.sebi.gov.in) on the following path, by clicking on the payment link:

ENFORCEMENT >Orders >Orders of AO> PAYNOW

35. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 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.

36. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee viz. Satish Agrawal HUF and also to SEBI.

**Date: June 27, 2025**

**Place: Mumbai**

**AMIT KAPOOR  
ADJUDICATING OFFICER**