BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/AD/2023-24/27901]

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

Reliance Strategic Investments Ltd.

[PAN: AABCR1466K]

In the matter of box trade activities in long dated NIFTY options expiring on December 28, 2017

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) conducted an investigation in the trades done in the long dated NIFTY options between Reliance Strategic Investments Ltd (hereinafter referred to as "**RSIL/Noticee/by name**") and Morgan Stanley (France) SA (hereinafter referred to as **MSF/by name'**), (Noticee and MSF are hereinafter collectively referred to as "**Noticees**") on July 31, August 08 and August 10, 2017 (also referred to as **'Relevant Period'**). The focus of investigation was to ascertain whether there was any violation of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act'**) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations**') by MSF and RSIL, while trading in long dated NIFTY Options for December 2017 expiry for the alleged box-trades on trade dates viz., July 31, August 08 and August 10, 2017 on the National Stock Exchange of

India Ltd (hereinafter referred to as '**NSE**'). The investigation period (hereinafter referred to as **'Investigation period/IP'**) was from July 31, 2017 till contract expiry day i.e. December 28, 2017.

2. On conclusion of the investigation, it was alleged/observed that Noticee and MSF had traded in long dated NIFTY Put Options expiring on December 28, 2017, having a strike price of 11400 ("hereinafter referred to a "**11400 PE**") at a price significantly away from its intrinsic value. Therefore, SEBI initiated adjudication proceedings against Noticee and MSF for alleged violation of Sections 12A(c) of SEBI Act read with Regulations 3(d), 4(1) and 4(2)(e) of PFUTP Regulations by them.

APPOINTMENT OF ADJUDICATING OFFICER

3. Vide order dated May 18, 2021, SEBI appointed the undersigned as Adjudicating Officer under Section 15I of the SEBI Act read with Section 19 of the SEBI Act and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) to inquire into and adjudge under the provisions of Section 15HA of SEBI Act, the aforesaid alleged violations by Noticee and MSF.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. A common show-cause notice dated December 02, 2021(hereinafter referred to as '**SCN**') was issued to Noticee and MSF under Rule 4 of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticee and MSF and penalty, if any, not be imposed upon them under the provisions of Section 15HA of SEBI Act for the aforesaid violations alleged to have been committed by them. The relevant extract of the SCN is reproduced in *verbatim* below:

   a) *Investigation noted that fair price of an option while entering into a trade is summation of two components i.e. Intrinsic Value of the option and Time Value of the said option (i.e. value corresponding to time left till expiry of options viz. more than 4 months in this case). Investigation further noted that although at the time of entering into the trade for 11400 PE, Noticees knew that on the basis of their research/understanding, the eventual traded*

price of 11400 PE was not the correct price, nonetheless, Noticees executed trades in 11400 PE at discount of 15%, 35% and 37% of IV on July 31, August 08 and August 10 of 2017 respectively, because of the mutual arrangement to adjust all the costs of running various positions on just one strike (away from the fair price of an instrument) which was not observed to be a valid reason to execute the trade on the NSE platform.

b) *Accordingly, it is alleged that such act of trading 11400 put options at a price on the basis of mutual arrangement amounted to active concealment of understanding of Noticees with regard to the fair price of the option and the arrangement with regard to possible cost adjustment and therefore, it is alleged to be an act of fraud as defined in Regulation 2(1)(c)(3) of PFUTP Regulations. Further, it is alleged that trading pattern of Noticees, i.e., negotiating prices of various long dated deep in the money illiquid index options expiring on December 28, 2017 through trading member and thereafter executing them with mutual understanding so that one leg of options (i.e. 11400 PE) was traded significantly away from its fair price i.e. at discount of 15%, 35% and 37% of its then prevalent Intrinsic Value on July 31, August 08 and August 10 of 2017 respectively, amounted to/resulted into manipulation of the price of 11400 PE.*

c) *It is further alleged that such acts which resulted into manipulation of the price of the contract could potentially mislead other traders/investors with regard to likely future price of the underlying/contract who were unaware of arrangement between Noticees and would not be desirable practice for orderly functioning of the securities market.*

d) *In view of the above findings, it is alleged that Noticees 1 and 2 violated Section 12A(c) of SEBI Act read with Regulations 3(d), 4(1) and 4(2)(e) of PFUTP Regulations.*

5. The SCN was sent to Noticees through Speed Post Acknowledgement due (hereinafter referred to as '**SPAD**') and digitally signed email dated December 03, 2021 and was duly served on Noticees. Noticees were given fifteen (15) days' time to make their submissions in respect of the allegations made in the SCN.

6. Subsequent to the issuance of SCN, MSF had filed settlement application dated February 25, 2022 (application no. 6797/2022) with SEBI in terms of Regulations 3(1) and 3(2) of the SEBI (Settlement Proceedings) Regulations, 2018. On payment of settlement amount by MSF and acceptance of settlement terms by MSF, adjudication proceedings against MSF was disposed of through Settlement Order dated March 23, 2023. Therefore, the present adjudication order only deals with Noticee i.e. Reliance Strategic Investments Ltd.

7. Subsequent to the issuance of SCN, Noticee sought inspection of documents. Considering its request, inspection of documents considered relevant and relied upon in the matter was granted to Noticee on January 06, 2022. Further, after providing the relevant documents in the matter, on request of Noticee, additional time was granted to Noticee for filing reply to SCN in respect of the charges in the SCN.

8. Thereafter, vide email dated March 23, 2023, Noticee filed its reply to the SCN. The aforementioned reply filed by Noticee to SCN is summarized hereunder:

   a) *The reference in the SCN to 'Box Trades' is misleading.*
   b) *RSIL traded the 11400PE at a correct price and the said price was arrived through fair price discovery.*
   c) *SEBI has compared the traded prices of the 11400PE to their "Intrinsic Values" to arrive the discount percentages as '15%', '35%', and '37%".*

      Intrinsic Value is not and cannot be the benchmark to determine the discount. SEBI has not provided any justification in the SCN for using 'Intrinsic Value' as the basis for computing the alleged exaggerated discounts. The fair price (i.e., 'Fair Value'), of an option is determined as the sum of 'Intrinsic Value' and 'Time Value'. 'Time Value' is determined using complex mathematical models and using assumptions which include the volatility i.e., probability of upward or downward movement of the underlying, in this case, NIFTY and time to expiry. Time Value can be both positive (+ve) and negative (-ve). At the relevant time, the Time Value of 11400PE based on the mathematical models was negative (-ve) on each of the Relevant Dates. SEBI has deliberately used the 'Intrinsic Value' to arrive at "steep" discounts to portray the trades as part of a larger fraudulent transaction. The discount percentages of 15%, 35%, and 37% are incorrect and misleading. Further, it is also clear that the trade of 11400PE on July 31, 2017, cannot even be alleged to be traded at a

discount, leave alone categorizing it as a fraudulent trade since the said trade is only at (+) 2% variation from the 'Fair Value'.

d) *Trading below 'Fair Value' is not illegal.*
The Fair Value is a theoretical computation based on assumptions and probabilities. The traded prices are a function of demand and supply.

e) *SEBI has not produced any shred of evidence in support of the allegations of (i) RSIL having entered into mutual arrangement with MSF to engage in manipulative trading; (ii) RSIL having arrived at an understanding with MSF for adjusting all costs of running various positions of the trades on the traded price of just one strike i.e., the traded price of 11400 PE on the Relevant Dates; (iii) RSIL was fully aware that such adjustment will result in the proposed traded prices of 11400PE being at a 'huge' discount to their 'Intrinsic Values'.*

f) *SEBI has ignored vital facts and RSIL's bona fide in alleging collusion between MSF and RSIL.*

- *The initial positions of the 11400PE were opened with CGMI by RSIL on December 27, 2016.*
- *SEBI vide its order dated March 24, 2017 ("SEBI Order") banned Reliance Industries Limited ("RIL") and its subsidiaries from trading in equity derivatives in the F&O segment of stock exchanges, directly or indirectly, except for closing existing positions, for one year from March 2017, which was in public knowledge.*
- *RSIL, being a wholly owned subsidiary of RIL, decided not to take fresh positions in equity derivatives to hedge these positions.*
- *Due to RSIL's inability to take fresh positions, RSIL was left with only two choices with respect to its open positions (which were closed via the impugned trades) namely, either to unwind/close its existing open positions at the relevant time or wait till the expiry of such open positions.*
- *RSIL could not have hedged these positions due to the SEBI Order. This fact was known to other traders and the market at large.*
- *Since the 11400PE were highly illiquid, it was difficult for RSIL to unwind/ close the same on screen.*

- *When RSIL invited quotes for closing its open positions, the illiquidity combined with the above facts as set out in (c) to (f), led to the quotes received from MSICPL being less than the theoretically calculated fair prices.*
- *Even though RSIL sold the 11400 PE at a discount of 23% and 25% to Fair Value on August 08, 2017 and August 10, 2017, respectively, on overall basis, the % of deviation in the traded values from the Fair Value on each trading day was (-) 0.68% on July 31, 2017, (-) 4.26% on August 8, 2017, and (-)5.22% on August 10, 2017 and it made sense for RSIL to close the positions, especially considering the acute illiquidity of the options.*
- *There has not been a single trade on the Stock Exchange in 11400 PE from December 27, 2016 (date on which RSIL took the positions) till July 31, 2017, except one trade by RSIL itself on June 29, 2017.*

9. In the interest of natural justice, vide letter dated March 23, 2023, Noticee was given an opportunity of personal hearing before the undersigned on March 29, 2023. The aforementioned letter was duly delivered to Noticee by email dated March 24, 2023 as well as through hand delivery. Noticee requested for adjournment of hearing, citing unavailability of its Counsel on the said date. Considering the aforementioned request of Noticee, another hearing was granted to Noticee on April 19, 2023, vide email dated April 10, 2023.

10. On the scheduled date of hearing, Authorized Representatives (**AR**) of Noticee, Mr. Somasekhar Sundaresan, Counsel of Noticee and Mr. K. R. Raja, Official Representative of Noticee, appeared on behalf of Noticee and reiterated the contents of Noticee's earlier reply dated March 23, 2023 and also requested for additional time for submitting further written submissions in the matter. Noticee was granted time till April 26, 2023 for the same.

11. Additional written submissions in the matter were filed on April 26, 2023. The relevant extract of the aforementioned written submission submitted by Noticee is reproduced hereunder:

    a) *The SCN is based on SEBI's Investigation Report. There is intrinsic exculpatory evidence in the Investigation Report.*

    b) *the Investigation Report, in paragraphs 8(h) and 8(m)(ii), arrives at the following factual conclusions:*

i. *The Relevant Trades were opened and closed with different counterparties. In fact, quotes were also sought from multiple trading members through BBG.*

ii. *All the trades that took place on the Relevant Dates were illiquid for at least a week prior.*

iii. *On the Relevant Dates, when RSIL executed all its positions including 11400PE, there was no significant volume traded by other market participants in the respective strike prices.*

iv. *It could not be conclusively determined that RSIL circumvented liquidity available in the market of other participants to trade with a preferred counterparty at a preferred price.*

c) *Thus, SEBI's own findings in the Investigation Report reject the theory of 'price manipulation' and 'premediation' espoused in the SCN and rule out any motive on the part of RSIL to manipulate the market by executing the trades in 11400 PE i.e., the Relevant Trades. Therefore, SEBI ought not to have levelled any allegation against RSIL for violation of the PFUTP Regulations.*

d) *SEBI has not produced any evidence in support of its allegations that RSIL and MSF entered into a mutual arrangement to adjust all costs of running various positions on the 11400PE position on the Relevant Dates.*

e) *The allegation of mutual arrangement by SEBI in the SCN is also unsustainable since:*

(i) RSIL requested and received quotes from MSICPL (executing broker) for each of the individual legs in various long-dated NIFTY options expiring on December 28, 2017;

(ii) RSIL has no linkage or connection with MSF; and

(iii) The broker i.e., MSICPL, and its client i.e., MSF, could have adjusted all the costs in the 11400 PE trades and seems to have informed SEBI that it is a usual practice to do so. Simply because RSIL executed the trades at the quoted rates

for bona fide reasons, as explained above, RSIL cannot be alleged to have entered into a mutual arrangement with MSF.

f) *At the time the Relevant Trades were executed i.e., July 31, 2017, August 8 & 10, 2017, there was no prohibition on trading in the F&O Segment at any value. As derivatives are a barometer of future expected price movements, the concept of circuit filters and circuit breakers was never consciously applied to this segment. The Relevant Trades were compliant with this regime.*

g) *Five years later, NSE issued a circular – only on October 28, 2022, bearing Circular Ref. No: 129/2022, ("NSE Circular") – implementing a Limit Price Protection ("LPP") regime i.e., for instrument 'OPTIDX' (Options Index that includes Nifty), where 'reference price' is more than INR 50, the LPP range is (±) 40% from such 'reference price'.*

h) *If a regime such as the one introduced in the NSE Circular were hypothetically in existence in 2017, even then too the transactions in question would have been totally compliant. Put differently, even if the above LPP range were to be applied to the Relevant Trades, the Relevant Trades are well within the LPP range of (±)40% of reference price (i.e. the Fair Value), being (+) 2% on July 31, 2017, (-) 23% on August 8, 2017, and (-) 25% on August 10, 2017. It is noteworthy that here too no concept of "Intrinsic Value" has been found to be relevant – a foundational premise of the SCN being comparison with "Intrinsic Value" instead of "Fair Value".*

Allegations of fraud and price manipulation are misplaced and incorrect.

i) *It is settled law that to establish fraud and price manipulation under PFUTP Regulations, it must be shown that other persons trading in the market have been induced and the persons so induced would not have acted the way they*

did if they were not induced.[1] However, there is no evidence of any action or inaction on the part of RSIL that induced another person to trade in securities.

j) In fact, the data provided in Appendix-2 of the Reply shows that no investor was influenced or induced by the Relevant Trades executed by RSIL. A few relevant findings are below:

(i) On July 31, 2017, and August 08, 2017, no other trades were executed except for those carried out by RSIL.

(ii) On August 10, 2017, only 368 contracts were traded by other investors out of the total volume of 1872 contracts. Despite RSIL's trades (1504 contracts at INR 920, which is (-) 23% from "Fair Value") constituting 80% of the traded volume on that day, the trades of 368 were still closed at a price of INR 1320, which is (+) 1% away from its "Fair Value".

(iii) Even post August 10, 2017, there were hardly any trades in the months of August to December 2017, except for certain trades at the end of November and December 2017, where the deviation from Fair Value was not more than (-) 3%.

k) RSIL has not indulged in any derivative trading immediately after the Relevant Trades (which RSIL could not have even done) to take advantage of the alleged fraud or price manipulation. In fact, RSIL's submissions have consistently been that it was closing out existing positions and there is no question of any pattern of trading making out a case of manipulation – a sine qua non in terms of the ratio declared multiple times by Hon'ble Supreme Court of India[2].

l) Further, the yearly values of the trades in equity derivatives by RSIL for FY 2017 alone is to the tune of INR 1,27,137 crores. It would be absurd to suggest, based on only surmises and conjectures, that RSIL aimed to indulge in fraud and price manipulation in a trade of INR 984 crores, a negligible

[1] *SEBI v. Kanaiyalal Baldevbhai Patel; (2017) 15 SCC 1* (see paras 55 & 56)

[2] *SEBI v. Kishore R. Ajmera, (2016) 6 SCC 368* (see paragraph paras 30 & 31)*;* and *Kanaiyalal Baldevbhai Patel (Supra)* (See para 62)

0.77% of RSIL's yearly trade for FY 2017, which was executed for a bona fide purpose as stated above. This goes to show that there is no motive for RSIL to manipulate the price of 11400 PE.

m) Viewed in light of the facts leading to the execution of the Relevant Trades, the Relevant Trades cannot be called into question as fraudulent or suffering from the vice of price manipulation under the PFUTP Regulations."

12. Before proceeding to examine the issues at hand, I find it pertinent to deal with certain preliminary objections raised by Noticee.

13. Firstly, Noticee in its reply to SCN has contended that SCN suffers from delay and laches as it was issued in December 2021, which was almost 4 years after the conclusion of impugned trades in August 2017. With regard to the aforementioned contention, I note that Noticee in support of its contention has placed reliance on the judicial decisions in SEBI v. Bhavesh Pabari (2019) 5 SCC 90 and Rakesh Kathotia & Ors. V. SEBI, Appeal No.7 of 2016, decided on May 27, 2019.

14. I have perused the decisions cited by Noticee with regard to the delay in issuance of SCN. I note from the aforementioned judgements that it has become trite law that SCN has to be issued within reasonable period of time and what constitutes reasonable period would depend on facts and circumstances in each case, nature of default/statute, prejudice caused, whether the third party rights had been created etc. In the instant case, an initial investigation was carried out on the basis of a reference dated May 29, 2018 received from FPI&C division of SEBI regarding numerous entities misusing the stock exchange mechanism by adopting box-spread strategy in long dated options. Based on the recommendations of initial investigation, a detailed investigation in the matter was initiated in the matter on July 27, 2020. During the course of investigation, SEBI had gathered information *inter-alia*, from NSE and various entities including Noticees, NSE, trading member etc. After the fact finding exercise, investigation was completed in the month of March 2021. Thus, I find that the examination in the matter was completed within 2 years, which includes the period of COVID pandemic, pursuant to which undersigned was appointed as Adjudicating Officer (AO) vide SEBI's order dated May 18,

2021. Thereafter, based on perusal of the records in the matter, SCN was issued on December 02, 2021. In light of the above, I find that there was no delay in the issuance of SCN in the matter and the SCN was issued within reasonable period of time.

15. Secondly, Noticee in its reply to the SCN has contended that principles of natural justice has not been met as they were not provided an inspection of the following documents:

    a) Reference dated May 29, 2018, issued by the FPI & C Division of SEBI in respect of the transaction in question.
    b) Emails dated 06 November 2020 and 09 November,2020 issued by NSE
    c) Certain documents received from ISD
    d) Copies of Green Notes

16. With regard to the aforementioned contentions of Noticee, I note that Hon'ble Supreme Court in its decision in T. Takano vs. SEBI, decided on February 18, 2022, while addressing the issue of disclosure of documents by quasi-judicial authority during adjudication proceedings, has laid down the following principles:

    (i) A quasi-judicial authority has a duty to disclose the material that has been relied upon at the stage of adjudication; and

    (ii) An ipse dixit of the authority that it has not relied on certain material would not exempt it of its liability to disclose such material if it is relevant to and has a nexus to the action that is taken by the authority. In all reasonable probability, such material would have influenced the decision reached by the authority.

    Thus, the actual test is whether the material that is required to be disclosed is relevant for purpose of adjudication. If it is, then the principles of natural justice require its due disclosure.

17. I note that reference dated May 29, 2018, issued by the FPI & C Division of SEBI deals with alleged misuse of stock exchange mechanism by some entities by adopting box-spread strategy in long dated options. The charges/findings against Noticee are based on the investigation conducted by the Investigation Department of SEBI and the findings of investigation, as enclosed in investigation report, had already been communicated to Noticee. A mere passing mention of the reference dated May 29, 2018, issued by the FPI & C Division of SEBI in the Investigation Report does not make the same relevant to the adjudication

proceedings. Considering the facts and circumstances of the present case, I find that reference dated May 29, 2018, issued by the FPI & C Division of SEBI is not relevant especially since the allegation against Noticee in SCN is not with respect to any box spread strategy adopted by it. Similarly, I note that contents of emails dated November 06, 2020 and November 09, 2020 issued by NSE have no bearing on the charges levelled against Noticee. Similarly copies of green notes, as requested by Noticee, are not part of the investigation report and are internal communication documents of SEBI which are not relevant to Noticee in the present adjudication proceedings. With respect to Noticee's request for documents received from ISD, I note that the same was provided to Noticee during the adjudication proceedings.

18. In light of the observations in the preceding paragraphs and applying principles laid down in T. Takano vs. SEBI, I find that all relied upon and relevant documents were provided to Noticee.

19. I note that Noticee, in its reply to SCN, has also requested for an opportunity to cross examine witnesses/statements relied upon by SEBI upon in the SCN. However, no cogent reasons were cited by Noticee in support of this request. After considering the submissions filed by Noticee with respect to cross examination, reply filed by Noticee and other facts and circumstances of the case, it was informed to Noticee, vide letter dated March 23, 2023, that since no statements of the aforesaid officials had been recorded on oath by SEBI and since all relevant information received from the said officials had been duly shared with Noticee, their request for cross examination was not found to be valid and therefore, not granted. The aforesaid request for cross examination was not pursued further by Noticee or its AR, during the personal hearing. Therefore, I find that principles of natural justice has been duly met in the instant case and no prejudice has been caused to Noticee in this regard.

20. Having dealt with the preliminary objections, I now proceed to deal with the case on merits. Before proceeding further, I find it in fitness of things to reproduce the relevant provisions of PFUTP Regulations and SEBI Act here:

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

……..

……

…….

(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 :—

……

……

(e) any act or omission amounting to manipulation of the price of a security

Section 12A(c) of SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

……

……

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

21. I have carefully perused the charges levelled against Noticee, replies/submissions filed by Noticee and other documents/ evidence available on record. The issues that arise for consideration in the present case are:

Issue I: Whether Noticee has violated Sections 12A(c) of SEBI Act read with Regulations 3(d), 4(1) and 4(2)(e) of PFUTP Regulations?

Issue II: Does the violation, if any, attract monetary penalty under Section 15HA of SEBI Act?

Issue III: If the answer to Issue III is in affirmative, then what should be the quantum of monetary penalty?

Issue (I): Whether Noticee has violated Sections 12A(c) of SEBI Act read with Regulations 3(d), 4(1) and 4(2)(e) of PFUTP Regulations?

22. I note from the submissions of Noticee, NSE, Morgan Stanley India Company Private Ltd ('**MSICPL**') and MSF made to SEBI during the investigation that Noticee had traded in 11400 PE with MSF on July 31, August 08 and August 10 of 2017, the details of which, as noted from the data submitted by NSE to SEBI during the investigation (trades with Noticee as reference), are reproduced hereunder:

S No	Trade Date	Option	Traded Price	Buy/Sell
1	July 31, 2017	11400 PE	1149	Sell
2	August 08, 2017	11400 PE	920	Sell
3	August 10, 2017	11400 PE	965	Sell

23. I find that in its reply to the SCN, while admitting to the aforementioned trades, Noticee has contested the traded price of 11400 PE on August 10, 2017 as stated in the SCN. According to Noticee, the traded price of 11400 PE on August 10, 2017 was Rs 976.16 and not Rs. 965.00 as alleged by SEBI. In this regard, I note that SEBI has considered the aforementioned traded price of 11400 PE on the basis on the information submitted by NSE whereas Noticee has not produced any evidence to substantiate their said contention. I also note that in the Bloomberg chat, as recorded in the Investigation Report (**IR**), the final quoted price by MSF for 11400 PE for August 10, 2017 was shown as Rs. 965.00. Considering the trade log submitted by NSE, as also supported by the Bloomberg Chat and in absence of any evidence submitted by Noticee to support its aforementioned contention, I am inclined to consider the traded price of 11400 PE on August 10, 2017 to be Rs 965.00.

24. I find that the crux of the allegation against Noticee in the SCN is that Noticee along with MSF had knowingly traded the above mentioned puts of strike price 11400 PE at a discount of 15%, 35% and 37% to the intrinsic value of the aforementioned put options on July 31, August 08 and August 10, 2017, respectively, (The aforesaid trades of 11400 PE on July 31, August 08 and August 10 of 2017 are hereinafter referred to as "**Relevant Trades**") on the basis of mutual arrangement which amounted to active concealment of fair price of the option and resulted into manipulation of the price of the contract and had the effect of potentially misleading investors with regard to likely future price of the underlying/contract and had, thereby, violated the aforementioned provisions of SEBI Act read with PFUTP Regulations.

25. In its reply, Noticee has stated that the relevant trades were executed in pursuance to the order dated March 24, 2017 of SEBI (**SEBI Order**), wherein SEBI had, *inter alia,* prohibited Reliance Industries Ltd (**RIL**), the 100% holding company of Noticee, from dealing in equity derivatives in the F&O segment of stock exchanges, directly or indirectly, for a period of one year from the date of this order, RIL was however allowed to square off or close out their existing open positions and that due to Noticee's inability to take any fresh positions, Noticee was left with only two options, i.e., to unwind its existing position or to wait till expiry and since Noticee could not hedge its position on account of the SEBI Order, it had exited the aforementioned trades.

26. I note that one of the main contentions of Noticee to the charge in the SCN is that "Intrinsic Value" cannot be the benchmark to compute the discount in the traded price of the 11400 PE, as alleged in the SCN and that globally, the "Fair Value" of an option is determined as the sum of "Intrinsic Value" and the "Intrinsic Value" has been used to portray steep discounts in the Relevant Trades of Noticee. In support of its contention, Noticee has computed the fair value of the relevant trades which shows that the deviation in the traded price from the fair value was less than alleged in the SCN i.e., the variation were +2%, -23% and -25% for the trades done on July 31, 2017, August 08, 2017 and August 10, 2017, respectively. Noticee has submitted its calculation of fair value of the Relevant Trades which is as reproduced hereunder:

Date of the Relevant Trades	Buy/ Sell	Type of Option	Strike Price	Spot value of NIFTY	Traded Price of the Relevant Trades (INR)	Fair Value of the Relevant Trades (INR)	Deviation (%) in the traded price from the Fair Value	Intrinsic Value of the Relevant Trades (INR)	Deviation (%) in the traded price from the Intrinsic Value
July 31, 2017	Sell	Put	11400	10050	1149	1,121	2%	1,350	-15%
August 08, 2017	Sell	Put	11400	9985	920	1,197	-23%	1,197	-35%
August 10, 2017	Sell	Put	11400	9875	965*	1,305	-25%	1,305	-37%

27. Thus, Noticee has contended that the discount percentage of 15%, 35%, and 37% are incorrect and misleading. In the context of the above, I proceed to examine the pricing of the Relevant Trades. I note that in the Investigation Report, the intrinsic value of options traded on the Relevant Dates and deviation from intrinsic value of options traded by Noticee on July 31, August 08 and August 10 of 2017 has been calculated as under:

S No	Trade Date	Option	Trade Time	NIFTY Value at the time of trade	Intrinsic Value (IV) of 11400 PE (Rounded off)	Traded Price	Discount/Premium from IV (Rounded off)
1	July 31, 2017	11400 PE	12:53:32	10050.3	1350	1149	-15%
		5000 CE	12:45:03	10051.3	5051	5080.7	1%
		6000 CE	12:47:09	100052.9	4053	4104	1%
2	August 08, 2017	11400 PE	14:29:38	9987.1	1413	920	-35%
		3500 CE	14:29:08	9986.95	6487	6500	0%
3	August 10, 2017	11400 PE	11:55:23	9876.85	1523	965	-37%
		4000 CE	11:49:04	9881.25	5881	5900	0%

28. I note from the above that as per the Investigation Report, deep in the money puts (i.e. 11400 PE) were traded at discount of 15%, 35% and 37% respectively to its Intrinsic Value (**IV**) on

the three days of relevant period while all of the deep in the money calls were traded in the range of +1% of IV.

29. Theoretically, the price/premium of an option is a combination of its intrinsic value and time value. The former is a function of difference between option strike price and the underlying price and the latter being a function of time remaining till expiry of the option contract. I note that intrinsic value is the value any given option would have if it were exercised today. Basically, the intrinsic value is the amount by which the strike price of an option is profitable or in-the-money as compared to the stock's price in the market. I further note that the intrinsic value of a put option is the difference between strike price and spot price (price of the underlying) and the intrinsic value of a call option is the difference between the spot price and strike price. For example, if an underlying stock is trading at Rs 100, the intrinsic value of call option with strike price 80 is Rs 20. No option will have intrinsic value less than zero. Intrinsic value of an option is independent of the expiration date. With the underlying at Rs 100, a call option contract expiring on March and September with the same strike price 80, will have the same intrinsic value. In normal conditions, the minimum price which the option seller would demand to take the risk of writing the option would be equivalent to the intrinsic value of the option. The time value is the additional amount of premium beyond the intrinsic value that the traders are willing to pay. I note that usually, an option's premium will reflect some non-negative amount of time value. I further note that as time passes, the time-value portion gradually disappears until, at expiration, the option is worth exactly its intrinsic value. The longer the time to expiry, the greater an option's time value (both calls and puts), all other things being constant.

30. With regard to the aforementioned contentions of Noticee, I note that as stated by Noticee in its submissions, one of the prevalent theoretical models used to price options is the Black-Scholes model. To determine the fair value of an option, the Black-Scholes Model requires five input variables: the strike price of an option, the current stock price, the time to expiration, the risk free rate and the volatility. Thus, I note that theoretical pricing as per the Black Scholes Model takes into consideration other factors apart from the intrinsic value like volatility and the time to expiration for pricing of options etc. The intrinsic value of an option is an ascertainable figure, however, I find that other factors like volatility have certain assumptions attached to them. Generally, an option's time value is generally a non-negative figure. In the context of the aforesaid facts and circumstances of the instant matter, I find that the theoretical value of an

option premium/fair price is a calculable/ascertainable information which is derived from the spot price, time value, volatility and interest rate. Theoretically, option premium does not go below their intrinsic value. Considering the general acceptance of Black-Scholes model as a standard pricing model, it stands to reason that "Fair Value/Theoretical Price" would be a better representation of pricing of Relevant Trades

31. In the instant case, I find that while Noticee has disputed calculation of discount from intrinsic value for the 11400 PE in the SCN and has also contended that at the relevant time, time value of 11400 PE based on mathematical models was negative, it has failed to provide any computation for arriving at the fair value of the relevant trades which it has placed on record. In this regard, it is pertinent to note that NSE, in its email dated February 11, 2019 to SEBI, had stated that the traded price in 11400 PE was significantly away from the theoretical price i.e. it was 77% and 81%, of theoretical price of the trades done on August 08, 2017 and August 10, 2017, respectively, and for trades done on July 31, 2017, the traded price of 11400 PE was 109% of its theoretical price. I find it important to note that Noticee has also conceded that quotes for 11400 PE were at a discount to its own "Fair Value". Even by Noticee's own computation of "Fair Value", it had sold 11400 PE at a discount of 23% and 25% to Fair Value on August 08, 2017 and August 10, 2017 respectively. In view of the foregoing facts, it is clear that at least on two days i.e., August 08, 2017 and August 10, 2017, Noticee had carried out Relevant Trades at a discount to the theoretical price which I consider to be a significant discount.

32. I find from the submissions of Noticee that its other main contention is that on account of illiquidity in the 11400 PE, RSIL was unable to discover the prices to unwind/ close the 11400 PE on the screen of the exchange and thus it had reached out to multiple trading partners to seek quotes for all its open positions but executed the trades at the quotes provided by MSCIPL at a discounted price to the Fair Value, owing to the SEBI order and its own limited bargaining power due to the said order. I note from the material available on record that the trades of Noticee on July 31, August 08 and August 10, 2017 were executed through a common trading member i.e. Morgan Stanley India Company Private Ltd. (**MSICPL**). From the Bloomberg chats available on record, email dated May 12, 2020 sent by MSICPL to SEBI and other records, I observe that RSIL had contacted MSICPL for quotes for the relevant trades undertaken by it

and subsequently, MSICPL had contacted MSF for quotes through Bloomberg chat. After pricing the quotes, MSF had communicated them to MSICPL who in turn had intimated the same to Noticee and thereafter, the relevant trades between Noticee and MSF were executed by MSICPL on exchange platform from two adjacent terminals in a synchronized manner. Although in its reply to SCN, Noticee has tried to demonstrate that it had reached out to multiple trading members to seek quotes for all its open positions, I note that the statements are not corroborated by any supporting evidence. I also note that the Bloomberg Chats with Citigroup Global Market India Pvt. Ltd (**CGMI**), placed on record by Noticee in its submissions, do not bring out clearly whether the prices quoted were for the Nifty Index Options expiring on December 28, 2017 and thus, are not acceptable as proof of its having approached CGMI for quotes for the Relevant trades. Therefore, I find the aforementioned contention of Noticee of approaching other trading members/clients to be devoid of merit.

33. Noticee has further contended that there was no collusion or synchronization of trade between Noticee and MSF to agree to a pre-determined price nor did Noticee have any linkage or connection with MSF and that Noticee requested and received quotes from MSICPL for each of the individual legs in the options and therefore, Noticee cannot be alleged to have entered into a mutual arrangement with its counterparty. In light of the fact that Noticee has not been able to establish that it had indeed approached other brokers/clients for favourable quotes for the Relevant Trades, I can conclude that Noticee had approached only one broker, MSICPL, for obtaining quotes for its open positions in the options. During investigation, MSF had informed SEBI that their dealer was not made aware of the counterparty to the trade on July 31, 1027 and August 10, 2017. However, I observe from the Investigation Report that MSF had admitted to its knowing the counterparty, i.e., Noticee, with respect to the trades on August 08, 2017. The aforementioned circumstances lead me to the conclusion that there was a mutual arrangement between Noticee and its counterparty, MSF, to execute the trades at a pre-determined price. Therefore, the aforesaid contention of Noticee is unacceptable.

34. In its reply, Noticee has submitted that the prices at which the relevant trades were executed were solely determined and quoted by MSF, as a buyer, to its broker, MSICPL and that Noticee, as a seller, sourced the prices from the said broker. Noticee has further argued that the fact that MSF could not provide a cogent reasoning for the deep discount for the 11400 PE quote

price does not implicate Noticee in any manner. With regard to the aforementioned pricing of 11400 PE, I note that the Derivative policy of Noticee that had been submitted to SEBI during the investigation lays down broad guidelines for undertaking various derivative transactions by traders of Noticee and does not address the trading decision of Noticee as well as pricing model to be adopted by Noticee in the derivative segment in respect of the relevant trades. Similarly, MSF, in its reply to the SEBI during the investigation, had stated that they were unable to provide details of proprietary model on the basis of which quotes were provided. I also note from records that Noticee has not been able to justify the basis of entering the Relevant Trades at the price quoted by MSF, except stating that these trades were entered into to close out the existing open positions pursuant to SEBI Order. I am of the view that since the trades were entered into subsequent to negotiation of prices by Noticee and MSF, as seen from the Bloomberg chats, Noticee cannot downplay his role by stating that the prices were solely determined by MSF. I am of the view that while as buyer, it might make economic sense for MSF to quote a discounted price for the relevant trades, as a seller, Noticee's acceptance of and subsequent execution of the sale of 11400 PE at a significant discount to its fair value appears contrary to any prudent decision. Considering the absence of any internal policies to demonstrate Noticee's trading decisions and lack of any evidence to establish that indeed other quotes had been considered by Noticee and that these were the best prices available, I find the rationale that Noticee has presented in defense of their action of selling 11400 PE by Noticee at a discount to its fair value lacks any basis. Even accepting that 11400 PE were illiquid and therefore, could not be squared off on the trading screen, the sale of the said options at a considerable discount to only one counterparty, with whom Noticee had a mutual arrangement, and consequently suffering losses cannot be accepted as a satisfactory justification to the Relevant Trades undertaken by Noticee.

35. I note that during investigation Noticee had clearly stated that even though SEBI Order was not applicable to Noticee, it had taken an internal decision to stop trading in equity derivatives across all entities and only outstanding trades were to be unwound. However, in its reply to the SCN, Noticee has contradicted the aforesaid stand by stating that SEBI order explicitly banned RIL and its subsidiaries from trading in equity derivatives in the F&O segment of stock exchanges, directly or indirectly, except for closing existing positions during the period specified therein. Noticee has further stated that the SEBI Order envisaged and provided for

closing out all existing open positions of RSIL. Since by its own admission, the aforementioned order of SEBI was not binding on Noticee and that these trades were executed only as a prudent measure by it pursuant to the SEBI order, the economic rationale of sale of the 11400 PE at a significant discount is, therefore, questionable and does not justify Noticee's resorting to such selling strategy. Additionally, I note that Noticee has not placed on record any proof of such internal decision taken at corporate level to stop trading in equity derivatives and to unwind the existing trades. Therefore, in absence of any proof of policy decision taken by Noticee for unwinding of all its outstanding trades and also of non-applicability of SEBI Order to Noticee, I am unable to accept the reasoning advanced by Noticee for executing the Relevant Trades at such discount.

36. Noticee has also stated that at that time, there were no limits for trading in derivatives and even in NSE's circular dated October 28, 2022, a band of 40% to the reference price has been allowed and Noticee's trades were within those limits. In this regard, I note that allegation against Noticee is that of "fraud" within the meaning of PFUTP Regulations and goes beyond the mere technicality of pricing of 11400 PE in accordance within limits set out by NSE. In any case, Noticee has tried to place reliance on a prospective notice of NSE in support of its contention which I find has no relevance to the trades that were executed much prior to the date of the said notice. Therefore, I find the said contention to be devoid of merits.

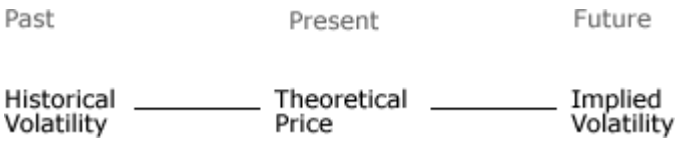
37. Noticee has submitted that the relevant trades were genuine trades and were executed to close the existing open positions and therefore, there cannot be any motive on the part of Noticee to manipulate the market through these trades. Noticee has further contended that to establish fraud and price manipulation under PFUTP Regulations, it must be shown that other persons trading in the market have been induced for which there is no evidence of action or inaction on the part of Noticee that it had induced another person to trade in the securities and moreover, data shows that no investor was influenced or induced by the relevant trades executed by Noticee. Noticee has further has contended that trading below "fair value" is not illegal and that there was no law or regulation preventing trades at a discount from Fair Value and that the traded price between two unrelated parties. i.e., a willing buyer and a willing seller cannot alleged to be an unfair trade practice simply because it was at a discount to the theoretically calculated "Fair Price".

38. I note that Regulation 4(2)(e) of PFUTP Regulations has deemed any act or omission amounting to manipulation of the price of security as fraudulent or unfair trade practice. I note that manipulation of price of security entails artificially influencing the price of securities for the benefit of parties entering into such trades. Price manipulation affects the free play of the market forces and also affect the integrity of securities market. In a screen based electronic trading system, each trade on exchange platform is a perception of buyer and seller on likely future price of an instrument (more so for contracts in derivative segment) and volume of a trade indicates conviction as expressed by buyer/seller for price to be in certain direction in future. It is noted that a price of an option reflects the value of its underlying and therefore, any increase/decrease in the premium might indicate the probable appreciation or fall in the price of the underlying in addition to other factors. Thus, I note that any deviation from its fair value or market price would give an indication of a change in the valuation of its underlying and would have the potential to influence or induce other investors in their investment decisions in respect of such options. In this regard, I find it pertinent to draw reference to pages 28-32 of the Equity Derivatives FAQs published by the National Institute of Securities Markets[3]:

"*The Underlying asset is whichever asset the Option contract is deriving its value from. E.g. Stock, Commodity, Index, Currency …*

"Volatility is the most vital of all option trading concepts. Volatility provide traders with an estimate of how much change a stock can be expected to make over a given time period. This is critical in determining whether an option is likely to expire "in the money" or "out of the money" by the expiration date.

There are two types of volatility to be considered: Implied Volatility and Historical Volatility.



Historical Volatility is a statistical calculation that tells option traders how quick price movements

[3] "*Equity Derivatives FAQs*", National Institute of Securities Markets, available at: https://www.nism.ac.in/wp-content/uploads/2021/02/Equity-Derivatives-FAQ-document-1.pdf

have been over a given time period. The most common method of calculating historical volatility is called the Standard Deviation.

Implied volatility is the expected volatility in the future. To determine an option's implied volatility, the trader must use a pricing model. Historical Volatility tells us how volatile an asset has been in the past. Implied Volatility is the market's view on how volatile an asset will be in the future.

What can be the possible risks and rewards in various positions in options?

The below table shows how the Payoff of buying or selling the Call/Put options look like.

Options	Action	Outlook	Risk	Reward	Premium	Exercise
Call Option	Buy	Bullish	Limited	Unlimited	Pays	Right
	Sell	Bearish	Unlimited	Limited	Receives	Obligation
Put Options	Buy	Bearish	Limited	Unlimited	Pays	Right
	Sell	Bullish	Unlimited	Limited	Receives	Obligation

…

Volatility of prices of the underlying asset (σ): *Volatility plays a very important role in options pricing. The value of both the call and put options rises with increase in volatility. Option prices can fluctuate wildly under different volatility condition in the markets.*

…

Factor	Effect on Call Option Price	Effect on Put Option Price
Increase in the value of the underlying instrument	Increase	Decrease
Increase in intrinsic value	Decrease	Increase
Increase in Time Value	Increase	Increase
Increase in Volatility	Increase	Increase
Increase in Interest rates	Increase	Decrease

Increase in Dividends	*Decrease*	*Increase*

…"

39. I note from the observations in the preceding paragraphs that in the instant matter, Noticee had knowingly entered into trades in 11400 PE at a significant discount at least on two days i.e. August 08, 2017 and August 10, 2017. It has also been established that Noticee has been unable to explain the rationale for such significant discount in 11400 PE or calculations for arriving at the premium for the relevant trades. Moreover, Noticee had approached only one trading member i.e. MSCIPL, for getting quotes for 11400 PE and who in turn, had approached only one client i.e. MSF to obtain the quotes for Noticee. Further, I note from records that the aforementioned high volume trades were executed on the exchange platform in a synchronized manner. Considering the absence of any internal policies to demonstrate Noticee's trading decisions to execute the relevant trades at such discounted prices and lack of any evidence to establish that indeed other quotes had been obtained/considered by Noticee and that these were the best prices available, it will not be wrong to conclude that the relevant trades by Noticee at a significant discount from the fair value, through a mutual arrangement with its counterparty, at least on two days, without any proper justification, were manipulative in nature.

40. With regard to Noticee's contention that SEBI has not placed on record any proof of inducement on any investor due to Noticee's act of trading in 11400 PE at a discount, I note that Hon'ble SAT in its decision in Ketan Parekh v SEBI, (Date of Decision. 14.07.2006) has clearly held that once 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 relevant extract of the aforementioned order is reproduced hereunder:

" We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. 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."

41. In cases involving fraud or manipulation, it may not always be possible to obtain direct proof of such violations. The factum of manipulation in such cases are derived from the host of circumstances attendant to the case. In this context, I find it pertinent to place reliance on the decision of Hon'ble Supreme Court in SEBI vs. Kishore R Ajmera (Civil Appeal No. 2818 of 2008; Date of Decision: February 23, 2016), wherein Hon'ble Supreme Court has held as under:

"Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder 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."

42. Thus, placing reliance on the aforesaid judgment and taking into account the foregoing observations, I find it appropriate to decide the matter on preponderance of probabilities. The observations relating to the conduct of Noticee and other attending facts and circumstances of the case as listed above, when applied to the test of preponderance of probability, lead me to the undeniable conclusion that Noticee had engaged in manipulation of the price/premium of 11400 PE at least on two trading days i.e. August 08, 2017 and August 10, 2017. In light of the foregoing, I find that the allegation in the SCN that Noticee has violated Section 12A(c) of SEBI Act read with Regulations 3(d), 4(1) and 4(2)(e) of PFUTP Regulations stands established.

Issue II: Does the violation, if any, attract monetary penalty under Section 15HA of SEBI Act?

43. It has been established in the preceding paragraph, Noticee has violated 12A(c) of SEBI Act read with Regulations 3(d), 4(1) and 4(2)(e) of PFUTP Regulations stands established. I note that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) 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. ".

44. Therefore, in view of the above judgment, the aforesaid violation committed by Noticee would attract monetary penalty under Section 15HA of SEBI Act. The text of Section 15HA of the SEBI Act is reproduced below:

Section 15HA: **Penalty for fraudulent and unfair trade practices**

"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:- What should be the quantum of monetary penalty?

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

SEBI Act

Factors to be taken into account by the adjudicating officer.

Section 15J - While adjudging quantum of penalty under section 15-I, 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.

Explanation- For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

46. In view of the charges established and the facts and circumstances of the case, the quantum of penalty would depend on the factors referred in Section 15-J of the SEBI Act, stated as

above. In the instant case, it is not possible from the material on record to quantify the amount of disproportionate gain or unfair advantage resulting from the default of Noticee or losses suffered by investors as a result of the default by Noticee. Further, material available on record also do not show that default of Noticee is repetitive in nature. I note from the reply of Noticee i.e. the traded value involved in the Relevant Trades is also substantial, being around INR 984 crores. I am conscious of fact that fraud is a serious offence.

ORDER

47. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticee and also the factors mentioned in Section 15J of the SEBI Act, as enumerated above, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a penalty of Rs. 7,00,000/- (Rupees Seven Lakh only) on Noticee under the provisions of Section 15HA of SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of Noticee.

48. Noticee 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. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

49. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD – DRA - I, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	

6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

50. 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.

51. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticee and also to SEBI.

Place: Mumbai **SOMA MAJUMDER**

Date: June 30, 2023 **ADJUDICATING OFFICER**