Member Committee ("MC/Member Committee")
of
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex, Mumbai – 400051
held on June 26, 2025

In the matter of the Trading Member – HDFC Securities Limited

CORAM:

Shri. S Ravindran	-	Chairperson
Justice (Retd.) Smt. Abhilasha Kumari	-	Committee Member
Prof (Dr.) Mamata Biswal	-	Committee Member
Shri. Ashishkumar Chauhan	-	Committee Member

ALSO PRESENT:

Shri. Piyush Chourasia	-	Chief Regulatory Officer
Shri. Ankit Sharma	-	Chief Regulatory Officer
Shri. Bireshwar Chatterjee	-	Senior Vice President - Surveillance & Investigation
Shri. Vishnu Gupta	-	Chief Manager - Investigation
Shri. Vikram Narvekar	-	Senior Manager - Investigation
Smt. Vasundhara Singh	-	Manager - investigation

BACKGROUND OF THE CASE:

1. **HDFC Securities Limited** ("**Noticee**"), bearing SEBI Registration No. INZ000186937 is a registered Trading Member of National Stock Exchange of India Limited ("NSEIL"/ "Exchange") and enabled for trading in the Capital Market ("**CM**") segment since September 2000 and Futures and Options ("**F&O**") segment since May 2001.

2. The Exchange during monitoring of the trading activity, in the Equity Derivative Segment in December 2023 and January 2024, observed that certain transactions (the Impugned Transactions) were executed by the Noticee as a Trading Member on both sides of the transaction. The clients involved in these transactions were Patnaik Ananta Narayan ("**PAN**") on one side and Gupta Shilta Devi ("**GSD**") on the other side, where both the buy and sell orders were placed in a synchronized manner and reversed with the same counterparties.

3. During the period December 29, 2023 to January 31, 2024, the Noticee's clients PAN and GSD executed the impugned transactions by placing orders in a synchronized

manner in 5 contracts IDFCFIRSTB_29 Feb 2024 _103_CE, CANBK_29 Feb 2024_515_CE, BEL_29 Feb 2024_171_PE, MANAPPURAM_28 March 2024_192.5_CE and NATIONALUM_28 March 2024_161_CE where the Noticee's clients GSD made a positive close out difference of Rs 5,40,780/- and PAN made a negative close out difference of Rs. 5,40,780/-

4. The summary of instance of reversal transactions is as under:

Instance	Trade Date	Contract	Buy Client	Sell Client	Trade price (Rs.)	Trade quantity	Square off difference (SOD) – Positive (P)/ Negative (N) (Rs. lakh)	% to Market Gross on the day in the scrip	Reversal %
A- Call Option IDFCFIRSTB with Strike Price 103 and expiry date 29-02-2024									
1	29-12-2023	A	PAN	GSD	3	7500	GSD - (P) SOD 0.15	50	100
1	01-01-2024	A	GSD	PAN	1	7500	PAN - (N) SOD 0.15		
B- Call Option CANBK with Strike Price 515 and expiry date 29-02-2024									
2	16-01-2024	B	GSD	PAN	7.2	5400	GSD - (P) SOD 0.07	100	100
2	16-01-2024	B	PAN	GSD	8.55	5400	PAN - (N) SOD 0.07		
C- Put Option BEL with Strike Price 171 and expiry date 29-02-2024									
3	18-01-2024	C	GSD	PAN	1.52	17100	GSD - (P) SOD 0.32	71.43	100
3	18-01-2024	C	PAN	GSD	3	11400	PAN - (N) SOD 0.32		
3	19-01-2024	C	PAN	GSD	4.25	5700		50	
D- Call Option MANAPPURAM with Strike Price 192.5 and expiry date 28-03-2024									
4	23-01-2024	D	GSD	PAN	2.15	60000	GSD - (P) SOD 4.26	100	100
4	23-01-2024	D	PAN	GSD	7.1	60000			
4	25-01-2024	D	GSD	PAN	1.7	30000	PAN - (N) SOD - 4.26		
4	25-01-2024	D	PAN	GSD	6	30000			
E- Call Option NATIONALUM with Strike Price 161 and expiry date 28-03-2024									
5	31-01-2024	E	GSD	PAN	2	15000	GSD - (P) SOD 0.60	100	100
5	31-01-2024	E	PAN	GSD	6	15000	PAN - (N) SOD 0.60		

4.1. The respective underlying prices for the above-mentioned contracts and the comparison of the prices prevailing in the underlying with the strike price of the impugned transactions is given below.

Symbol	Trade Date	High Price of Underlying	Low Price of Underlying	Close Price of Underlying	Strike Price of Impugned Transaction	Option Type	% Away (Stikes compared with close price of Underlying)	Type
IDFCFIRSTB	29-Dec-23	89.90	87.85	88.90	103.00	CE	13.69	OTM
IDFCFIRSTB	1-Jan-24	88.90	87.60	87.80	103.00	CE	14.76	OTM
CANBK	16-Jan-24	471.35	461.20	464.95	515.00	CE	9.72	OTM
BEL	18-Jan-24	189.00	180.00	188.20	171.00	PE	-10.06	OTM
BEL	19-Jan-24	193.70	190.00	191.85	171.00	PE	-12.19	OTM
MANAPPURAM	23-Jan-24	178.25	167.10	168.30	192.50	CE	12.57	OTM
MANAPPURAM	24-Jan-24	175.00	168.90	174.55	192.50	CE	9.32	OTM
MANAPPURAM	25-Jan-24	179.90	173.95	178.00	192.50	CE	7.53	OTM
NATIONALUM	31-Jan-24	150.00	146.25	148.85	161.00	CE	7.55	OTM

4.2. From the above comparison with the prices prevailing in the underlying, it is observed that all the impugned transactions were executed in contracts which were Out-of-Money options contracts where the strike price was substantially away from the underlying price.

4.3. With respect to the impugned transactions, the Noticee is the Trading Member on both sides, and the transactions were reversed with the same counterparties.

4.4. In relation to the impugned trades, the Noticee's client GSD incurred a positive close-out difference of Rs. 5,40,780/-, while PAN incurred a negative close-out difference of Rs. 5,40,780/-.

4.5. In instances 2, 4 and 5, the traded quantity constituted 100% of the market traded quantity of the contract on the respective days. In instance 1 and 3, it accounted for 50% and 50-71.43% respectively.

4.6. In all the five instances, the traded quantities in both the legs were identical therefore the reversal percentage of the traded quantity constitutes 100% for all the instances.

4.7. The buy and sell orders were placed in a synchronized manner i.e., the time difference between placement of the buy orders and sell orders in the majority of contract were less than or equal to 60 seconds.

4.8. The Noticee's client GSD placed their orders through Security Trading through Wireless Technology ("**STWT**") whereas Noticee's client PAN placed their order through Internet Based Trading {("**IBT**") and both were NON-ALGO in nature. STWT typically means orders placed though mobile application of the stockbroker while IBT typically refers to orders placed through website of the stockbroker.

4.9. The details uploaded by HDFC Securities Limited in the Unique Client Code ("**UCC**") database of the Exchange and as received in KYC from the Noticee is as follows:

Client Name	**Client Mobile No**	**Client Address**	**Client email id**
Patnaik Ananta Narayan	[redacted]	[redacted]	[redacted]
Gupta Shilta Devi	[redacted]	[redacted]	[redacted]

4.10. The Exchange noted that there was no turnover or open interest in the above-mentioned contracts in the 5 immediately preceding days and in the subsequent day from the trade date of the impugned transactions. From this observation, it is observed that the entire volume in the given period in the respective scrips was as a result of the impugned transactions.

4.11. Further, the Exchange had sent the following alert to the Noticee and the Noticee had responded to the alert, as provided below:

Contract	**Exchange Alert details**	**Alert Raised on**	**Noticee Response**	**Response received date**
Symbol MANAPPURAM Expiry 28-03-2024 Strike 192.5	It has been observed that your Client GUPTA SHILTA DEVI, PAN: BMXPG6523Q and Client PATNAIK ANANTA NARAYAN, PAN: ANQPP0482Q on 23-Jan-2024, Symbol: MANAPPURAM, CE, Strike: 192.5, Expiry: 28-MAR-2024. The clients seems to have indulged in reversal trade. Kindly provide trading rationale for the same.	25-01-2024 17:07:00 Hrs. and 01-02-2024 17:29:00 hrs	No response has been provided by the Trading Member for this MSD alert.	NA

Contract	Exchange Alert details	Alert Raised on	Noticee Response	Response received date
Symbol NATIONALUM Expiry 28-03-2024 Strike 161	It has been observed that your client: GUPTA SHILTA DEVI & PATNAIK ANANTA NARAYAN, PAN:BMXPG6523Q & ANQPP0482Q on 31-Jan-2024 and Symbol: NATIONALUM, CE, Strike 161, Expiry: 28-Mar-2024. The clients seem to have indulged in reversal trade. Kindly provide trading rationale for the same.	07-02-2024 15:05:00 Hrs.	We in process of analysing alert. Kindly accede our request for an extension for some days. We shall revert in due course of time.	09-02-2024 19:26:00 Hrs.

5. It is observed that during the period of the transactions, the volume and open interest of the contracts (Table A, B, C, D & E) is as follows:

5.1. Contract “A” - Call Option Equity Derivative Contracts with underlying IDFCFIRSTB with strike price 103 and expiry date February 29, 2024.

Table A

Date	Open	High	Low	Close	Open Interest	Market Premium Turnover (Rs Lacs)	Turnover in Impugned Transactions (Rs. Lacs)	% of Turnover (Impugned transactions)
21-Dec-23	-	-	-	1.7	-	-		
22-Dec-23	-	-	-	1.7	-	-		
26-Dec-23	-	-	-	1.7	-	-		
27-Dec-23	-	-	-	1.7	-	-		
28-Dec-23	-	-	-	1.7	-	-		
29-Dec-23	3	3	0.2	0.2	7,500	0.24	0.23	93.75%
01-Jan-24	1.9	1.9	1	1	7,500	0.22	0.08	34.48%
02-Jan-24	-	-	-	1	7,500	-		

5.2. Contract “B” - Call Option Equity Derivative Contracts with underlying CANBK with strike price 515 and expiry date February 29, 2024.

Table B

Date	Open	High	Low	Close	Open Interest	Market Premium Turnover (Rs Lacs)	Turnover in Impugned Transactions (Rs. Lacs)	% of Turnover (Impugned transactions)
09-Jan-24	-	-	-	5.9	-	-		
10-Jan-24	-	-	-	5.9	-	-		
11-Jan-24	-	-	-	5.9	-	-		
12-Jan-24	-	-	-	5.9	-	-		
15-Jan-24	-	-	-	5.9	-	-		
16-Jan-24	7.2	8.55	7.2	8.55	-	0.85	0.85	100.00%

Date	Open	High	Low	Close	Open Interest	Market Premium Turnover (Rs Lacs)	Turnover in Impugned Transactions (Rs. Lacs)	% of Turnover (Impugned transactions)
17-Jan-24	-	-	-	8.55	-	-		

5.3. Contract “C” - Put Option Equity Derivative Contracts with underlying BEL with strike price 171 and expiry date February 29, 2024.

Table C

Date	Open	High	Low	Close	Open Interest	Market Premium Turnover (Rs Lacs)	Turnover in Impugned Transactions (Rs. Lacs)	% of Turnover (Impugned transactions)
11-Jan-24	-	-	-	25.15	-	-		
12-Jan-24	-	-	-	25.15	-	-		
15-Jan-24	-	-	-	25.15	-	-		
16-Jan-24	-	-	-	25.15	-	-		
17-Jan-24	-	-	-	25.15	-	-		
18-Jan-24	0.65	3.65	0.65	2	5,700	0.98	0.60	61.34
19-Jan-24	4.25	4.25	2.7	2.7	5,700	0.40	0.24	61.15
20-Jan-24	-	-	-	2.7	5,700	-		

5.4. Contract “D” - Call Option Equity Derivative Contracts with underlying MANAPPURAM with strike price 192.5 and expiry date March 28, 2024.

Table D

Date	Open	High	Low	Close	Open Interest	Market Premium Turnover (Rs Lacs)	Turnover in Impugned Transactions (Rs. Lacs)	% of Turnover (Impugned transactions)
16-Jan-24	-	-	-	10.05	-	-		
17-Jan-24	-	-	-	10.05	-	-		
18-Jan-24	-	-	-	10.05	-	-		
19-Jan-24	-	-	-	10.05	-	-		
20-Jan-24	-	-	-	10.05	-	-		
23-Jan-24	1.6	8	1.6	6.2	-	5.55	5.55	100.00%
24-Jan-24	-	-	-	6.2	-	-		
25-Jan-24	1.7	6	1.7	6	-	2.31	2.31	100.00%
29-Jan-24	-	-	-	6	-	-		

5.5. Contract “E” - Call Option Equity Derivative Contracts with underlying NATIONALUM with strike price 103 and expiry date March 28, 2024.

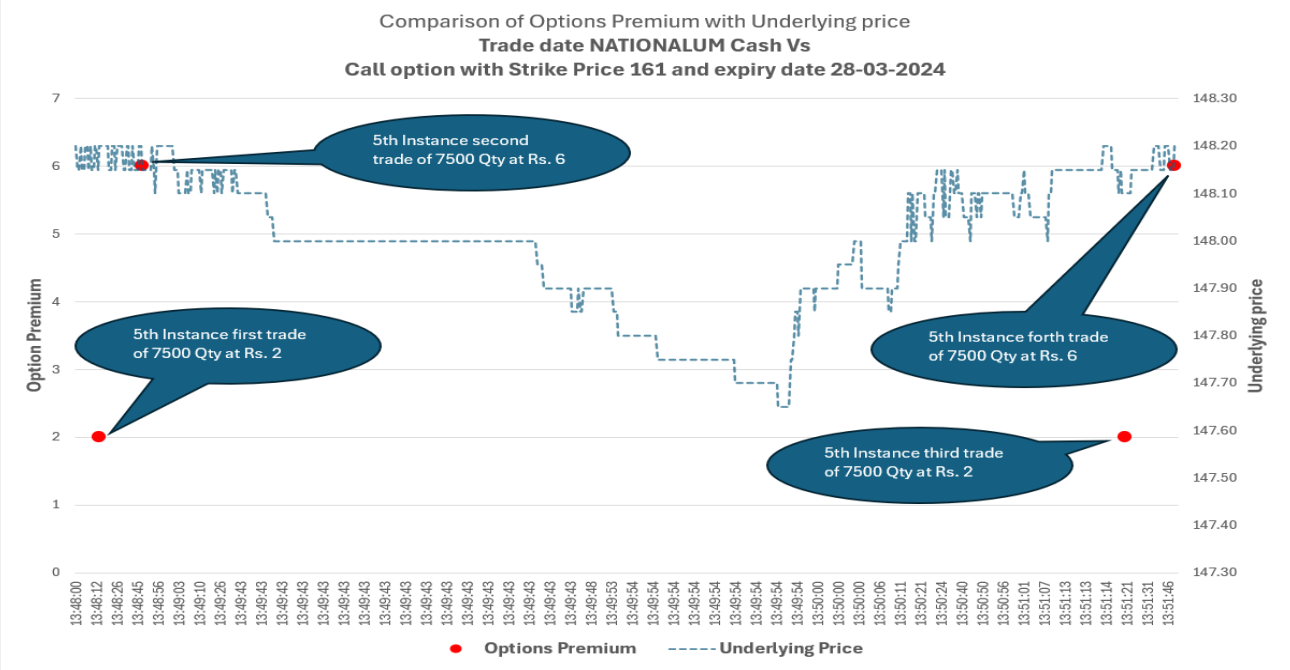
Table E

Date	Open	High	Low	Close	Open Interest	Market Premium Turnover (Rs Lacs)	Turnover in Impugned Transactions (Rs. Lacs)	% of Turnover (Impugned transactions)
23-Jan-24	-	-	-	2.95	-	-		

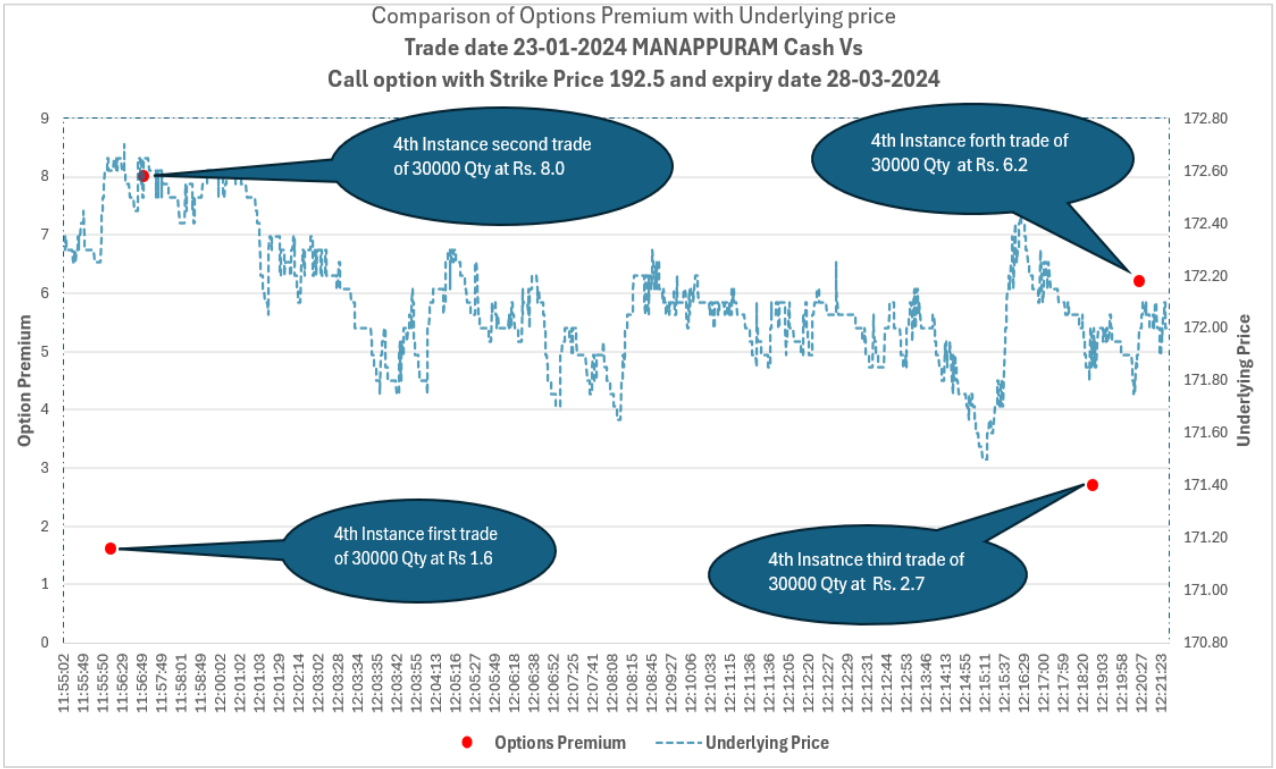
Date	Open	High	Low	Close	Open Interest	Market Premium Turnover (Rs Lacs)	Turnover in Impugned Transactions (Rs. Lacs)	% of Turnover (Impugned transactions)
24-Jan-24	-	-	-	2.95	-	-		
25-Jan-24	-	-	-	2.95	-	-		
29-Jan-24	-	-	-	2.95	-	-		
30-Jan-24	-	-	-	2.95	-	-		
31-Jan-24	2	6	2	6	-	1.2	1.2	100.00%
01-Feb-24	-	-	-	6	-	-		

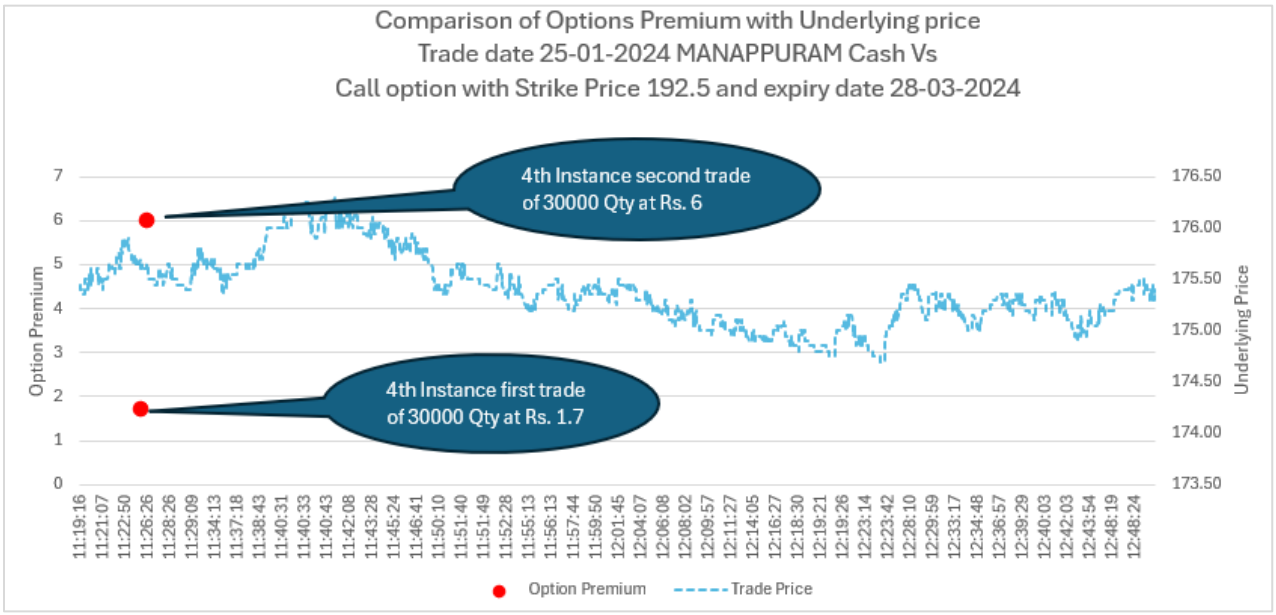
6. The following analysis pertains to two contracts where the reversal trade was done within two minutes of the original trade. Details of the contract is as under.

Trade Date	Symbol	Expiry Date	Option Type	Strike Price	Trade Date Time	Trade Price of options contract	Traded Qty in options contract	Underlying Price
1/31/2024	NATIONALUM	3/28/2024	CE	161	1/31/2024 13:48:14	2	7500	148.20
1/31/2024	NATIONALUM	3/28/2024	CE	161	1/31/2024 13:48:46	6	7500	148.15
1/31/2024	NATIONALUM	3/28/2024	CE	161	1/31/2024 13:51:21	2	7500	148.10
1/31/2024	NATIONALUM	3/28/2024	CE	161	1/31/2024 13:51:52	6	7500	148.20



Trade Date	Symbol	Expiry Date	Option Type	Strike Price	Trade Date Time	Trade Price of options contract	Traded Qty in options contract	Underlying Price
1/23/2024	MANAPPURAM	3/28/2024	CE	192.5	1/23/2024 11:55:54	1.6	30000	172.60
1/23/2024	MANAPPURAM	3/28/2024	CE	192.5	1/23/2024 11:56:59	8.0	30000	172.65
1/23/2024	MANAPPURAM	3/28/2024	CE	192.5	1/23/2024 12:18:33	2.7	30000	171.95
1/23/2024	MANAPPURAM	3/28/2024	CE	192.5	1/23/2024 12:20:24	6.2	30000	172.00
1/25/2024	MANAPPURAM	3/28/2024	CE	192.5	1/25/2024 11:25:48	1.7	30000	175.65
1/25/2024	MANAPPURAM	3/28/2024	CE	192.5	1/25/2024 11:26:44	6.0	30000	175.65





6.1. The above graphs show the incidence of the trades in the option contracts and the movement of the underlying and it is observed that there is no corresponding price movement in the underlying which is comparable to the movement of the option premium of the first leg and the reversal leg.

ISSUE OF SHOW CAUSE NOTICE:

6. Based on the above-mentioned observations of the Exchange, the Exchange issued a show cause notice ("**SCN**") bearing Ref. No. NSE/INVG/2024/137713 dated September 20, 2024.

RELEVANT REGULATORY PROVISIONS:

7. At the outset, it is appropriate to refer to the relevant regulatory provisions alleged to have been violated by the Noticee, extracts whereof are reproduced below:

7.1. NSE Regulation 4.5.4(c)(i) and Regulation 4.6.2.1(b) of NSEIL Regulations (F&O Segment).

"4.5.4 General Guidelines

(c) Misleading Transactions: A Trading Member shall not –

(i) make bids and/or offers for derivatives contracts with an intention of creating a false or misleading appearance with respect to the market for, or the price of any derivatives contracts or"

"4.6. Fraudulent and Unfair Trading Practices:

4.6.2. "Without prejudice to generality of the provisions contained in the above clause, no person shall indulge in market manipulation, namely :1 (b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities / derivatives market or, results in reflection of prices of securities / derivatives contracts based on transactions, which are not genuine trade transactions"

7.2. Extract from Exchange Circular No. NSE/INVG/39647 dated December 13, 2018 –

"Sub: Abnormal/Non-Genuine Transactions – In this regard, Trading Members are advised to refrain from entering into abnormal/ non-genuine transactions executed by the market participants primarily with an objective of transferring profit/loss between the concerned entities or creation of artificial volume in securities/contracts."

7.3. Extract from Exchange Circular No. NSE/INVG/2019/40175 dated February 07, 2019 –

"Sub: Guidance note on Abnormal / Non-Genuine trades - This is in continuation of NSE Circular No. NSE/INVG/39647 dated December 13, 2018 with respect to "Abnormal / Non-Genuine transactions" inter alia advising trading members to refrain from entering abnormal / non – genuine transactions executed by the market participants primarily with an objective of transferring profit / loss between the concerned entities or creation of artificial volume in securities / contracts.

In this regard, in order to assist trading members in identifying such type of transactions, certain indicative scenarios have been listed below which may need additional attention and examination by the trading member.

- *Trading activity of client(s) concentrated in a specific security / contract which is/are not traded very frequently or trading with low volumes with client squaring up its position within a short span of time. Additionally, factors such as clients earning significant profit or incurring losses on account of such transactions, their consistent contribution to daily average volumes of security / contract may also be looked at.*
- *Securities /contracts where the total traded volume of the client vis a vis the average daily traded volumes in that security is significant.*

Trading Members may please note that these alerts and guidance note is indicative and not exhaustive and hence should exercise necessary caution and due diligence at all times."

7.4. Extract from Exchange Circular No. NSE/INVG/2020/46662 dated December 16, 2020 –

"Sub: Penalty on Abnormal / Non-Genuine Transactions- The Exchange shall send necessary advice/caution letter to Trading Members and initiate appropriate disciplinary actions against the members concerned in case the activity is observed to be abnormal/non-genuine. Exchange shall levy a penalty of 100% of the traded value/ profit made/ loss incurred as a result of the trades on the trading members for both profit and loss making abnormal / non-genuine transactions after following the due process & providing necessary opportunity to the trading member for clarification in the matter.

The decision whether a trade or trades is / are abnormal / non-genuine would be of the Exchange which would be final and binding.

The Exchange may also consider taking appropriate disciplinary actions against the member concerned for multiple instances of such abnormal / non-genuine trades as per the Rules, Regulations and Byelaws of the Exchange".

RESPONSE OF THE NOTICEE TO THE SHOW CAUSE NOTICE:

8. Noticee responded to the SCN vide email dated February 28, 2025. The summarized response of the Noticee is as under:

8.1. The Noticee submitted the following in respect to the clients involved in the impugned transactions:

8.1.1. Ananta Narayan Patnaik (Client PAN: ANQPP0482Q, Client code: 627836)

8.1.1.1. Mr. Ananta Narayan Patnaik has a trading account No. 627836 and is registered since 26th November 2007 availing the 3 in 1 online trading account features.

8.1.1.2. The client has been trading through the Mobile application and on need basis has been executing trades through the Relationship Manager.

8.1.1.3. The client's income range as updated in the Noticee's records is above Rs 25 Lakhs which is commensurate with the client's transactions in the NSE Futures & Options Segment.

8.1.1.4. The client's trading pattern suggests that he has been active in transacting on the NSE Futures & Options Segment.

8.1.2. Shilta Devi Gupta (Client PAN: BMXPG6523Q, Client code: 6592280)

8.1.2.1. Client Mrs. Shilta Devi Gupta has a trading account no. 6592280 and is registered since 03rd November 2023 availing the 3 in 1 online trading account features.

8.1.2.2. The client has been trading through Mobile application and on need basis has been executing trades through the Relationship Manager...

8.1.2.3. The client's income range as updated in the Noticee's records is "05-10 Lacs." which is commensurate with their transactions in the NSE Futures & Options Segment.

8.1.2.4. The client's trading pattern suggests that she been active in transacting on the NSE Futures & Options Segment.

8.2. The Noticee further submitted that the client carried out trading activities in the Futures & Options contracts basis their own independent understanding, research, analysis, discretion, and decision. The Noticee has enclosed the Trade details for the period from November 2023 to March 2024 (Annexure 1), which indicates that the client has been trading in huge volumes in Futures & Options and has been transacting in diverse Future & Option contracts.

8.3. The Noticee submitted that on receipt of the SCN from the Exchange, with reference to paragraph 1.1 & 1.2 a mail was sent to the clients individually to enquire about the intention of trades done and the close out differences on account of transaction executed by them respectively. The clients have denied knowing the counter party with whom the trades were done and each of them have replied on the email and stated their respective responses which is produced below:

Mr. Patnaik Ananta Narayan's written response on December 27, 2024, on email - '*I have no intention for the trades. It was traded in some cases to hedge my future positions in different strike price of stocks. In some cases, I was checking whether position can be created in different strike. or not by putting orders. If any surveillance issue on those kinds of stocks or orders will not do any trades in future'.*

Mrs. Gupta Shilta Devi's written response on December 10, 2024, on email - *'Previously also I have confirmed you that I have just placed different orders to hedge my other positions and also placed some orders by taking call from some online research desk available in WhatsApp. I had no idea about the regulations of trading on the scripts and strike prices. if any issue is there I will not trade in future*'.

8.4. The Noticee submitted that it does not agree with the observations made out in paragraph 2.1 which held it responsible for contravening Regulation 4.5.4(c) (i) and Regulation 4.6.2.1(b) of NSEIL Regulations (F&O Segment) for allowing clients to execute the transaction in a Futures & Options Contract. The Noticee stated that the client Mr. Patnaik Ananta Narayan had done the transactions in the Option

Contracts (Option IDFCFIRSTB 103 CE 29-February-2024 Expiry, CANBK 515 CE 29- February-2024 Expiry, BEL 171 PE 29-February-2024 Expiry, MANAPPURAM 192.5 CE 28-March- 2024 Expiry and NATIONALUM 161 CE 28-March-2024 Expiry) and the Client Mrs. Gupta Shilta Devi had done the transactions in the Option Contracts (Option IDFCFIRSTB 103 CE 29-February-2024 Expiry, CANBK 515 CE 29-February-2024 Expiry, BEL 171 PE 29-February-2024 Expiry, MANAPPURAM 192.5 CE 28-March-2024 Expiry and NATIONALUM 161 CE 28-March-2024 Expiry) based on their own independent understanding, research, analysis, discretion and decision.

8.5. The Noticee stated that it was is in no position to identify the intention of the clients at the time they placed orders. The Noticee has been facilitating order execution through its website / mobile platform and executing buy and sell orders basis clients instructions as a part of normal stock broking business. Further the Noticee had no intention to make bids and/or offers for derivatives contracts with an intention of creating a false or misleading appearance with respect to the market for, or the price of any derivatives contracts. On the contrary, the very act of restricting the clients to place orders would lead to contracts turning dry and illiquid. If the Clients are restricted from placing orders in illiquid contracts, they would claim and consider it as deficiency in service and complain to Regulators / Exchanges.

8.6. With reference to paragraph no.2.2 & 3 of the SCN, the Noticee submitted that as a stock broker, it was in no position to predict that clients are entering into reversal trade as the counter party to the transaction was not through the Noticee, hence it inappropriate to state that the Noticee has not adhered to the Circular Nos. NSE/INVG/39647 dated December 13, 2018, NSE/INVG/2019/40175 dated February 07, 2019, and NSE/INVG/2020/46662 dated December 16, 2020.

8.7. With reference to paragraph no. 4, the Noticee stated that it had no mala-fide intentions to make any abnormal gains or loss for its own account or create any conducive arrangement such that it indirectly benefitted the client. The Noticee claims innocence from the fact matter that it came to know of the reversal transaction with the same counter party, which was classified as an abnormal one, only after it was brought to the notice by Exchange, who have superior database of transactions that happen in the Market Place across Brokers. The Noticee prays that based on the above submission that no penalty shall be applicable on the Noticee

8.8. The Noticee stated that it appeared that the orders that Client Mr. Patnaik Ananta Narayan executed were placed considering the “Time value” & “Volatility” of the option contract at that point of time. In the case of Out of Money options the price movement in the underlying stock justify the trades. Order placement can be considered as reasonable. The Analysis is outlined as in below table:

Client Code	Trade Date	Symbol	Expiry date	Strike price	Option Type	Qty	Avg. Rate	Buy / Sell	Highest Spot Price	Lowest Spot Price	Highest Intrinsic Value	Lowest Intrinsic Value	Remarks
627836	29-12-2023	IDFCFIRSTB	29-02-2024	103	CE	7500	3	BUY	89.9	87.85	-13.1	-15.15	
627836	01-01-2024	IDFCFIRSTB	29-02-2024	103	CE	7500	1	SELL	88.9	87.6	-14.1	-15.4	
627836	16-01-2024	CANBK	29-02-2024	515	CE	5400	7.2	SELL	471.35	461.2	-43.65	-53.8	
627836	16-01-2024	CANBK	29-02-2024	515	CE	5400	8.55	BUY	471.35	461.2	-43.65	-53.8	
627836	18-01-2024	BEL	29-02-2024	171	PE	17100	1.51	SELL	189	180	-18	-9	
627836	18-01-2024	BEL	29-02-2024	171	PE	11400	3	BUY	189	180	-18	-9	OTM and considering Time value within range.
627836	19-01-2024	BEL	29-02-2024	171	PE	5700	4.25	BUY	193.7	190	-22.7	-19	
627836	23-01-2024	MANAPPURAM	28-03-2024	192.5	CE	60000	2.15	SELL	178.25	167.1	-14.25	-25.4	
627836	23-01-2024	MANAPPURAM	28-03-2024	192.5	CE	60000	7.1	BUY	178.25	167.1	-14.25	-25.4	
627836	25-01-2024	MANAPPURAM	28-03-2024	192.5	CE	30000	1.7	SELL	179.9	173.95	-12.6	-18.55	
627836	25-01-2024	MANAPPURAM	28-03-2024	192.5	CE	30000	6	BUY	179.9	173.95	-12.6	-18.55	
627836	31-01-2024	NATIONALUM	28-03-2024	161	CE	15000	2	SELL	150	146.25	-11	-14.75	
627836	31-01-2024	NATIONALUM	28-03-2024	161	CE	15000	6	BUY	150	146.25	-11	-14.75	

Extract of Bhav Copy:

Date	SYMBOL	SERIES	OPEN	HIGH	LOW	CLOSE	LAST	PREV CLOSE	TOT TRDQTY	TOT TRDVAL	TOTAL TRADES	ISIN
29-12-2023	IDFCFIRSTB	EQ	89.4	89.9	87.85	88.9	88.8	88.7	27303350	2415779568	76311	INE092T01019
01-01-2024	IDFCFIRSTB	EQ	88.8	88.9	87.6	87.8	87.75	88.9	34249920	3014886805	118647	INE092T01019
16-01-2024	CANBK	EQ	464.65	471.4	461.2	464.95	464.7	465.4	5208291	2430362674	45242	INE476A01014
18-01-2024	BEL	EQ	185.65	189	180	188.2	189	185.65	24831623	4605571446	153298	INE263A01024
19-01-2024	BEL	EQ	190	193.7	190	191.85	192	188.2	22303305	4274098237	147037	INE263A01024
23-01-2024	MANAPPURAM	EQ	176.05	178.3	167.1	168.3	169.8	176	8452481	1453970970	45928	INE522D01027
25-01-2024	MANAPPURAM	EQ	175	179.9	174	178	178.4	174.55	5462593	963321819.2	21928	INE522D01027
31-01-2024	NATIONALUM	EQ	146.9	150	146.3	148.85	149.8	145.6	31011594	4609243847	100769	INE139A01034

8.9. With respect to the Client Mrs. Gupta Shilta Devi the trades which were executed were placed considering the" Time value" & "Volatility" of the option contract at that point of time. In the case of out of money options the price movement in the underlying stock justify the trades. Order placement can be considered as reasonable. The Analysis is outlined as in below table:

Client Code	Trade Date	Symbol	Expiry date	Strike price	Option Type	Qty	Avg. Rate	Buy / Sell	Highest Spot Price	Lowest Spot Price	Highest Intrinsic Value	Lowest Intrinsic Value	Remarks
6592280	29-12-2023	IDFCFIRSTB	29-02-2024	103	CE	7500	3	BUY	89.9	87.85	-13.1	-15.15	
6592280	01-01-2024	IDFCFIRSTB	29-02-2024	103	CE	7500	1	SELL	88.9	87.6	-14.1	-15.4	
6592280	16-01-2024	CANBK	29-02-2024	515	CE	5400	7.2	SELL	471.35	461.2	-43.65	-53.8	
6592280	16-01-2024	CANBK	29-02-2024	515	CE	5400	8.55	BUY	471.35	461.2	-43.65	-53.8	
6592280	18-01-2024	BEL	29-02-2024	171	PE	17100	1.51	SELL	189	180	-18	-9	
6592280	18-01-2024	BEL	29-02-2024	171	PE	11400	3	BUY	189	180	-18	-9	OTM and considering Time value within range.
6592280	19-01-2024	BEL	29-02-2024	171	PE	5700	4.25	BUY	193.7	190	-22.7	-19	
6592280	23-01-2024	MANAPPURAM	28-03-2024	192.5	CE	60000	2.15	SELL	178.25	167.1	-14.25	-25.4	
6592280	23-01-2024	MANAPPURAM	28-03-2024	192.5	CE	60000	7.1	BUY	178.25	167.1	-14.25	-25.4	
6592280	25-01-2024	MANAPPURAM	28-03-2024	192.5	CE	30000	1.7	SELL	179.9	173.95	-12.6	-18.55	
6592280	25-01-2024	MANAPPURAM	28-03-2024	192.5	CE	30000	6	BUY	179.9	173.95	-12.6	-18.55	
6592280	31-01-2024	NATIONALUM	28-03-2024	161	CE	15000	2	SELL	150	146.25	-11	-14.75	
6592280	31-01-2024	NATIONALUM	28-03-2024	161	CE	15000	6	BUY	150	146.25	-11	-14.75	

Extract of Bhav Copy:

Date	SYMBOL	SERIES	OPEN	HIGH	LOW	CLOSE	LAST	PREV CLOSE	TOT TRDQTY	TOT TRDVAL	TOTAL TRADES	ISIN
29-12-2023	IDFCFIRSTB	EQ	89.4	89.9	87.85	88.9	88.8	88.7	27303350	2415779568	76311	INE092T01019
01-01-2024	IDFCFIRSTB	EQ	88.8	88.9	87.6	87.8	87.75	88.9	34249920	3014886805	118647	INE092T01019
16-01-2024	CANBK	EQ	464.65	471.4	461.2	464.95	464.7	465.4	5208291	2430362674	45242	INE476A01014
18-01-2024	BEL	EQ	185.65	189	180	188.2	189	185.65	24831623	4605571446	153298	INE263A01024
19-01-2024	BEL	EQ	190	193.7	190	191.85	192	188.2	22303305	4274098237	147037	INE263A01024
23-01-2024	MANAPPURAM	EQ	176.05	178.3	167.1	168.3	169.8	176	8452481	1453970970	45928	INE522D01027
25-01-2024	MANAPPURAM	EQ	175	179.9	174	178	178.4	174.55	5462593	963321819.2	21928	INE522D01027
31-01-2024	NATIONALUM	EQ	146.9	150	146.3	148.85	149.8	145.6	31011594	4609243847	100769	INE139A01034

Noticee contended that considering the factors outlined above the price at which the transactions are done seems to be reasonable.

8.10. Further the Noticee submitted that the client's trades in the said Futures & Option contracts are to be considered in the context of the other positions in the contracts and not in isolation. Noticee contended that the client has been trading in various other Future & Option contracts other than those identified by the Exchange.

8.11. The Noticee averred that it would not tarnish its reputation by indulging in any act, which is calculated to create a false or misleading appearance of trading on the securities / derivatives market or, results in reflection of prices of securities / derivatives contracts based on transactions, which are not genuine trade transactions.

8.12. The Noticee submitted that the Exchange should look into introduction of measures to increase liquidity option contracts or introduce selective restrictions in illiquid options contracts to avoid instances of same counterparty reversal trades.

8.13. With reference to point no. 6 & 7 the Noticee requested to represent the matter in person before the Relevant Authority of the Exchange as and when it is presented to the Committee.

8.14. The Noticee has also submitted that it has communicated with clients regarding the said SCN regarding the transactions and the clients have responded that they have done their transactions in normal course of business. The Noticee stated that the clients have not done this kind of transactions again and stopped trading in F&O segment.

8.15. On basis of the aforesaid submission, the Noticee requested the Exchange to send closure of the said show cause notice at the earliest opportunity.

PRESENT PROCEEDINGS BEFORE MEMBER COMMITTEE:

9. The Exchange granted the Noticee with an opportunity of personal hearing before the Committee in its meeting held on June 26, 2025. The Noticee was represented by Mr. Bhavik Sotta – Chief Regulatory Officer, Mr. Ashish Rathi – COO and Whole Time Director and Mr. Murli Karkera – Compliance Officer, who appeared for the personal hearing and reiterated the written submissions.

ADDITIONAL SUBMISSION DATED AUGUST 06, 2025, OF THE NOTICEE AFTER MC MEETING

10. The Noticee submitted that in the order of Viram Investment Pvt. Ltd. vs Securities and Exchange Board of India dated February 11, 2005, the following was observed:

"*even if we consider transactions undertaken for tax planning as being non genuine trades, such trades in order to beheld objectionable, must result in influencing the market one way or the other. We do not find any evidence that there was any manipulation. It is also seen that the impugned transactions have taken place at the prevailing market price. Trading in securities can take place for any number of reasons and the authorities enquire into such transactions which artificially influence the market and induce the investors to buy or sell on the basis of such artificial transactions. This is not even the case of the respondent; therefore, it is not possible for us to sustain the impugned order*."

OBSERVATIONS, CONSIDERATIONS & FINDINGS OF THE COMMITTEE:

11. After considering the oral and written submissions made by the Noticee on the charges mentioned in the SCN dated September 20, 2024, the Committee finds as under:

    11.1. The Committee notes that with respect to the impugned transactions, the Noticee is the Trading Member on both sides of the impugned transactions, and the transactions were reversed with the same counterparties.

    11.2. The Committee notes that the Noticee's clients Gupta Shilta Devi made a positive close out difference of Rs. 5,40,780/- and Patnaik Ananta Narayan made a negative close out difference of Rs. 5,40,780/- on the above-mentioned impugned transactions.

    11.3. The Committee observes that for instances 2, 4 and 5, the traded quantity constituted 100% of the market traded quantity of the contract on the respective days. In instance 1 and 3, it accounted for 50% and 50-71.43% respectively.

    11.4. The Committee notes that in all five instances, the traded quantities in both legs were identical, resulting in a 100% reversal.

    11.5. The Committee finds that the increase in turnover and open interest in the contracts was as a result of the impugned transactions, otherwise, there was negligible trading activity in the respective contracts.

    11.6. The Committee observes that the client Patnaik Ananta Narayan, according to Exchange's records is placing orders through Internet Based Trading (IBT), but the Noticee in its submissions incorrectly stated that the orders are placed through Mobile.

11.7. As per the response of the Noticee, the orders by the clients (Mr. Patnaik Ananta Narayan and Mrs. Gupta Shilta Devi) were placed after considering the" Time value" & "Volatility" of the option contract at that point of time. The Noticee also stated a new concept of "Negative Intrinsic value". The Committee notes that there is no such concept of Negative intrinsic value. All the contracts traded were Out-of-the-Money and hence had "Zero Intrinsic Value". The Committee notes that data/graphs in paragraph 6 indicates the incidence of the trades in option contracts mapped with the corresponding movement of the underlying. From the graphs, the Committee observes that there is no corresponding price movement in the underlying which is comparable to the movement of the option premium of the first leg and the reversal leg of the impugned transaction.

11.8. The Committee notes that the Exchange had issued an alert on January 25, 2024, for the clients Mr. Patnaik Ananta Narayan and Mrs. Gupta Shilta Devi in the contract MANAPPURAM_28 March 2024_192.5_CE. However, the Committee did not find any evidence in the oral and written submission of the Noticee, before allowing the similar transaction on January 31, 2024, the Noticee generated alerts and initiate any action against the clients based on their surveillance policy which is required as per NSE circular NSE/INVG/48818 dated July 01, 2021.

11.9. The Committee notes that the buy and sell orders were placed in a synchronized manner, i.e., the time difference between the placement of the buy orders and sell orders in the majority of contract were less than or equal to 60 seconds. These orders were executed on both sides of the trades using STWT and IBT terminal by Mrs. Gupta Shilta Devi and Mr. Patnaik Ananta Narayan respectively and were non-algorithmic in nature.

11.10. As per the response of the Noticee, it is submitted that the transactions were executed without any mala fide intention. The Committee finds that the traded quantity with respect to reversal trades compared to the total traded quantity for the clients in same scrip on respective days of reversal is 66.66-100% for Mr. Patnaik Ananta Narayan and 75-100% for Mrs. Gupta Shilta Devi. Also, the Committee observes that the transactions were executed in a synchronised manner i.e. buy order and sell order were placed within 60 seconds of each other in the majority of contracts. Thus, the impugned transactions do not appear to be meant for meaningful change in the beneficial interest in the contract and therefore the Committee finds the impugned transactions to be non-genuine in nature.

11.11. The Committee further finds that the close out difference w.r.t. the impugned transactions as a % of total close out difference for the clients in the said contract on the respective days and the traded quantity in the reversal trades

as a % of total traded quantity of the clients in the said contract on the respective days is mentioned below for the respective clients:

Instance	CONTRACT	Client	Close out difference w.r.t. reversal trades as a % of total close out difference for the clients in the scrip/contract on respective days	Traded quantity in Reversal trades as a % of total traded quantity of the client in the scrip/contract on respective days
1	A	GSD	100	100
		PAN	83.33	66.67
2	B	GSD	100	100
		PAN	100	100
3	C	GSD	95	75
		PAN	100	100
4	D	GSD	100	100
		PAN	100	100
5	E	GSD	100	100
		PAN	100	100

11.12. With respect to the effect of the impugned transactions on the volume of the said scrips on the respective days, the Committee notes as below:

11.12.1. For the scrip IDFCFIRSTB, the first leg of the impugned transactions was executed on December 29, 2023, where the total market volume was 15,000, the second leg of the impugned transactions were executed on January 01, 2024, where the total market volume was 15,000. There was no trading observed in the preceding 5 days. Further, the impugned transactions in the first leg contributed 50% (i.e. 7500) to the market volume and the second leg contributed 50% (i.e. 7500) to market volume.

11.12.2. For the scrip CANBK, the first and second leg of the impugned transactions was executed on January 16, 2024, where the total market volume was 10,800. There was no trading observed in the preceding 5 days. Further, the impugned transactions in the first and second leg contributed 100% (i.e. 10800) to market volume.

11.12.3. For the scrip BEL, the first leg of the impugned transactions was executed on January 18, 2024, where the total market volume was 39,900, the second leg of the impugned transactions were executed

on January 18, 2024, and January 19, 2024, where the total market volume was 39,900 and 11,400 respectively. There was no trading observed in the preceding 5 days. Further, the impugned transactions contributed on January 18, 2024, 71.43% (i.e. 28,500) to market volume and on January 19, 2024, contributed 50% (i.e. 5,700) to market volume.

11.12.4. For the scrip MANAPPURAM, the first leg of the impugned transactions was executed on January 23, 2024, and January 25, 2024, where the total market volume was 1,20,000 and 60,000, the second leg of the impugned transactions were executed on January 23, 2024, and January 25, 2024, where the total market volume was 1,20,000 and 60,000. There was no trading observed in the preceding 5 days. Further, the impugned transactions on January 23, 2024, contributed 100% (i.e. 1,20,000) to market volume and on January 25, 2024, contributed 100% (i.e. 60,000) to market volume.

11.12.5. For the scrip NATIONALUM, the first leg of the impugned transactions was executed on January 31, 2024, where the total market volume was 30,000, the second leg of the impugned transactions were executed on January 31, 2024, where the total market volume was 30,000. There was no trading observed in the preceding 5 days. Further, the impugned transactions in the first and second leg contributed 100% (i.e. 30,000) to market volume.

11.13. In view of the above, the Committee finds that the Noticee, by allowing the clients to place such orders on both sides of the transaction, made bids and/or offers for securities with an intention of creating a false or misleading appearance with respect to the market for, or the price of any security. Thus, Noticee by allowing execution of such trades have violated the provisions of Regulation 4.5.4(c)(i) and Regulation 4.6.2.1(b) of NSEIL Regulations (F&O Segment). Further, the transactions executed are non-genuine transactions as per Exchange Circular Nos. NSE/INVG/39647 dated December 13, 2018, NSE/INVG/2019/40175 dated February 07, 2019, and NSE/INVG/2020/46662 dated December 16, 2020. Therefore, based on the facts and circumstances of the case, the Committee is of the view that appropriate penalty in terms of Exchange Circular No. NSE/INVG/2020/46662 dated December 16, 2020, is attracted. As the close out difference is Rs. 5,40,780/- and since the Noticee is on both sides of the transaction, the amount of 100% of the penalty of profit earned / loss incurred for both profit and loss making abnormal / non-genuine transactions is attracted, amounting to Rs. 10,81,560/-.

MEMBER COMMITTEE DECISION:

12. Accordingly, a penalty of Rs. 10,81,560/- (Rupees Ten Lakhs Eighty- One Thousand Five Hundred Sixty only) (being 100% of profit earned / loss incurred for both profit and loss making abnormal / non-genuine transactions) is levied on the Noticee in terms of the Exchange Circular No. NSE/INVG/2020/46662 dated December 16, 2020.

13. The Noticee is also directed to take adequate measures / put in place effective systems and controls to comply with the provisions of the Exchange Regulation 4.5.4(c)(i) and Regulation 4.6.2.1(b) of NSEIL Regulations (F&O Segment) and NSE Circulars NSE/INVG/39647 dated December 13, 2018, NSE/INVG/2019/40175 dated February 07, 2019, and NSE/INVG/2020/46662 dated December 16, 2020.

Sd/-

Smt. Abhilasha Kumari
(Committee Member)

Sd/-

Mr. Ashishkumar Chauhan
(Committee Member)

Date: May 08, 2026

Annexure A

Sr No	Trade Date	Contract	Trade Number	Trade Time	Buy Order Time	Sell Order Time	Time Difference	Trade Price	Trade Quantity	Trade Value	% to Mkt Gross	Close Out Diff.	Buy Client Name	Sell Client Name
1	29-12-2023	IDFCFIRSTB_29 Feb 2024 _103_CE	'20231229929525367'	12:13:00	12:13:12	12:13:12	00:00:00	3	7500	22500	50.00	15,000.00	Ananta	Shilta
1	01-01-2024	IDFCFIRSTB_29 Feb 2024 _103_CE	'20240101929549355'	13:37:00	13:37:50	13:37:56	00:00:06	1	7500	7500	50.00		Shilta	Ananta
2	16-01-2024	CANBK_29 Feb 2024_515_CE	'20240116929479317'	11:34:00	11:28:30	11:34:47	00:06:17	7.2	5400	38880	50.00	7,290.00	Shilta	Ananta
2	16-01-2024	CANBK_29 Feb 2024_515_CE	'20240116929511092'	11:48:00	11:38:51	11:48:25	00:09:34	8.55	5400	46170	50.00		Ananta	Shilta
3	18-01-2024	BEL_29 Feb 2024_171_PE	'20240118860575200'	11:47:00	11:41:24	11:47:45	00:06:21	0.65	5700	3705	14.29	32,490.00	Shilta	Ananta
3	18-01-2024	BEL_29 Feb 2024_171_PE	'20240118860581121'	11:51:00	11:51:32	11:51:33	00:00:01	3	5700	17100	14.29		Ananta	Shilta
3	18-01-2024	BEL_29 Feb 2024_171_PE	'20240118860630428'	12:16:00	12:16:17	12:16:20	00:00:03	1.9	5700	10830	14.29		Shilta	Ananta
3	18-01-2024	BEL_29 Feb 2024_171_PE	'20240118860642002'	12:23:00	12:18:00	12:23:19	00:05:19	3	5700	17100	14.29		Ananta	Shilta
3	18-01-2024	BEL_29 Feb 2024_171_PE	'20240118860643887'	12:24:00	12:24:46	12:24:50	00:00:04	2	5700	11400	14.29		Shilta	Ananta
3	19-01-2024	BEL_29 Feb 2024_171_PE	'20240119860611193'	13:14:00	09:50:10	13:14:59	03:24:49	4.25	5700	24225	50.00		Ananta	Shilta
4	23-01-2024	MANAPPURAM_ 28 March 2024_192.5_CE	'20240123906440049'	11:55:00	11:55:49	11:55:54	00:00:05	1.6	30000	48000	25.00	4,26,000.00	Shilta	Ananta
4	23-01-2024	MANAPPURAM_ 28 March 2024_192.5_CE	'20240123906441761'	11:56:00	11:56:59	11:56:59	00:00:00	8	30000	240000	25.00		Ananta	Shilta
4	23-01-2024	MANAPPURAM_ 28 March 2024_192.5_CE	'20240123906488429'	12:18:00	12:18:27	12:18:32	00:00:05	2.7	30000	81000	25.00		Shilta	Ananta

Sr No	Trade Date	Contract	Trade Number	Trade Time	Buy Order Time	Sell Order Time	Time Difference	Trade Price	Trade Quantity	Trade Value	% to Mkt Gross	Close Out Diff.	Buy Client Name	Sell Client Name
4	23-01-2024	MANAPPURAM_28 March 2024_192.5_CE	'20240123906492451'	12:20:00	12:20:24	12:20:24	00:00:00	6.2	30000	186000	25.00		Ananta	Shilta
4	25-01-2024	MANAPPURAM_28 March 2024_192.5_CE	'20240125906230263'	11:25:00	11:25:43	11:25:46	00:00:03	1.7	30000	51000	50.00		Shilta	Ananta
4	25-01-2024	MANAPPURAM_28 March 2024_192.5_CE	'20240125906231188'	11:26:00	11:26:56	11:26:56	00:00:00	6	30000	180000	50.00		Ananta	Shilta
5	31-01-2024	NATIONALUM_28 March 2024_161_CE	'20240131883483591'	13:48:00	13:48:14	13:48:14	00:00:00	2	7500	15000	25.00	60,000.00	Shilta	Ananta
5	31-01-2024	NATIONALUM_28 March 2024_161_CE	'20240131883484397'	13:48:00	13:48:46	13:48:46	00:00:00	6	7500	45000	25.00		Ananta	Shilta
5	31-01-2024	NATIONALUM_28 March 2024_161_CE	'20240131883487754'	13:51:00	13:51:15	13:51:21	00:00:06	2	7500	15000	25.00		Shilta	Ananta
5	31-01-2024	NATIONALUM_28 March 2024_161_CE	'20240131883488484'	13:51:00	13:51:52	13:51:52	00:00:00	6	7500	45000	25.00		Ananta	Shilta