Member Committee ("MC/Committee")
of
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex, Mumbai – 400051
held on October 21, 2024

In the matter of the Noticee – M/s. BP Equities Private Limited

CORAM:

Mr. S Ravindran	-	Chairperson
Justice (Retd.) Ms. Abhilasha Kumari	-	Committee Member
Prof (Dr.) Mamata Biswal	-	Committee Member
Mr. Essaji Vahavanti	-	Committee Member
Mr. Ashishkumar Chauhan	-	Committee Member

ALSO PRESENT:

Mr. Piyush Chourasia	-	Chief Regulatory Officer
Mr. Ankit Sharma	-	Chief Regulatory Officer
Mr. Bireshwar Chatterjee	-	Vice President - Surveillance & Investigation
Mr. Vishnu Gupta	-	Chief Manager – Investigation
Mr. Vikram Narvekar	-	Senior Manager – Investigation
Ms. Vasundhara Singh	-	Deputy Manager - Investigation

BACKGROUND OF THE CASE

1. **BP Equities Private Limited ("Noticee"),** bearing SEBI Registration No. INZ000176539 for Equity ("**CM**") Segment, is a registered broker of National Stock Exchange of India Limited **("NSEIL"/ "Exchange")** having its address Rustom Building, 4th Floor, Veer Nariman Road, Near Akbarallys, Fort, Mumbai-400001.

2. The Exchange, during the monitoring and surveillance of trading activity in the Equity segment, observed that certain transactions in cash segment in the scrip Aether Industries Limited ("**AETHER"**)" were executed by the Noticee's clients which got matched and reversed with the same counterparties. The Noticee's clients for these transactions were Himanshu Virendra Shah ("**HVS**") and Topshelf Enterprise ("**TE**"). The details of the transactions (hereinafter referred to as "impugned transactions") are summarized below:

Trade date	Buy Client	Sell Client	Traded Quantity	Avg Trade Price (Rs.)	Square off difference (SOD) – Positive (P)/ Negative (N) (Rs. Lakhs)	% to Market Gross on the day in the scrip/ contract	Reversal %	Diff between Buy Order and Sell Order placement
12-Oct-23	HVS	TE	19,958	948.64	HVS SOD(N) 9.45 TE SOD(P) 9.45	49.79%	99.32%	Within 20 seconds
13-Oct-23	HVS	TE	11,279	956.43		16.47%		
17-Oct-23	TE	HVS	31,450	921.18		27.74%		

2.1. The Noticee's clients executed transactions in the nature of reversal trades, in the scrip AETHER in the Equity market, where TE had a positive close out difference of Rs. 9,45,692/- and HVS had a negative close out difference of Rs. 9,45,692/-.

2.2. The traded quantity in the above-mentioned reversal transactions constituted 49.79% on October 12, 2023, 16.47% on October 13, 2023, and 27.74% on October 17, 2023, of the market traded quantity of the said scrip on the respective days.

2.3. HVS and TE placed the buy orders through Internet Based Trading ("**IBT"**) and sell orders through Computer-to-Computer Link ("**CTCL**") Terminal.

2.4. The time difference between the time of placement of the buy order and sell order was less than or equal to 20 seconds for each transaction. Further, for about one-third of the impugned transaction's traded value, the buy and sell order entry were placed within the same second. Thus, the transactions appear to be synchronized in nature.

2.5. 99.32% of the traded quantity of the first leg of the transactions was reversed with the same counter party in the second leg.

2.6. From the KYC details of Noticee's client TE, as received from the Noticee, it was observed that the other client of the Noticee, i.e. HVS is a Partner (holding 50% partner share) of TE.

2.7. The details of Noticee's Clients uploaded in the Unique Client Code (**UCC**) database of the Exchange are as follows:

Client PAN	Client Name	Mobile No	Client Address	Client email id
AAHPS7504E	Himanshu Virendra Shah	"+91-9820032209	1101 Sanghvi Villa, Plot No 73 S V Road, Above Axis Bank, Andheri (W), Mumbai-400058, Maharashtra India	hvsnaman@gmail.com

Client PAN	Client Name	Mobile No	Client Address	Client email id
AAUFT2606B	Topshelf Enterprise	"+91-9820032209	1101 Sanghvi Villa, Plot No 73 S V Road, Above Axis Bank, Andheri (W), Mumbai-400058, Maharashtra India	himanshu@topshelfindia.com

2.8. As per the UCC details observed in the above table, both the clients on either side of the transaction share a common mobile number and contact address.

ISSUE OF SHOWCAUSE NOTICE

3. Based on the observations of the Exchange mentioned in Paragraph 2 above, the Exchange issued a Show cause notice ("**SCN**") bearing Ref. no. NSE/INVG/2024/137781 dated September 24, 2024, to the Noticee, inter alia alleging the violations/ non-compliances of the regulatory provisions mentioned below. The charges mentioned in the SCN are as follows:

3.1. Regulation 4.5.4(c)(i) and Regulation 4.6. of NSEIL Regulations (CM Segment) -

"4.5.4 General Guidelines

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

(i) make 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 or…"

"4.6. Unfair Trading Practices:

4.6.1. No Trading Member shall execute or cause to be executed or participate in an account for which there are executed purchases of any eligible security at successively higher prices, or executed sales of any such security at successively lower prices, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

4.6.2. No Trading Member shall, for the purpose of creating or inducing a false or misleading appearance of activity in an eligible security or creating or inducing a false or misleading appearance with respect to the market in such security, (a) enter any order or orders for the purchase of such security with knowledge that an order or orders of substantially the same size, and at substantially the same price, for

the sale of any such security, has been or will be entered by or for the same or different parties, or (b) enter any order or orders for the sale of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price for the purchase of such security has been or will be entered by or for the same or different parties."

3.2. Extract from the 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."

3.3. Extract from the 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."

3.4. Extract from the 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:

4. The Noticee, vide its letter dated October 07, 2024 ("**Reply**"), submitted the following response to the SCN:

4.1. The Noticee mentioned that the client, Topshelf Enterprise opened an account with them on March 23, 2023, and the client, Himanshu Virendra Shah opened his account on November 08, 2021. Please note that Mr. Himanshu V. Shah is a partner in Topshelf Enterprise, making both accounts related.

4.2. Mr. Himanshu V. Shah is an active investor in the equity market, holding significant investments in various securities. Both clients have accumulated large, voluminous investments in multiple securities during the period from April 1, 2023, to October 17, 2023. Their investments include large-cap, mid-cap, and small-cap securities and that both clients have consistently met all regulatory obligations and have never defaulted.

4.3. **Topshelf Enterprise Activities:**

4.3.1. The Noticee mentioned that Topshelf Enterprise held a bullish view on AETHER and began investing in the security. Between March 27, 2023, and October 4, 2023, the client purchased 94,000 shares of AETHER. The firm temporarily required funds to return the same to its partner Himanshu Shah, so the firm decided to liquidate some of its holdings. As a result, Topshelf

Enterprise sold 20,000, 36,500, and 37,500 shares on October 12, 2023, October 13, 2023, and October 16, 2023, respectively. The client sold a total of 94,000 shares of AETHER over these three days, with a market value of approximately ₹8.86 crore.

4.3.2. The Noticee mentioned that the client withdrew a total of ₹13 crore from its trading ledger between October 13, 2023, and October 17, 2023.

4.3.3. The Noticee mentioned that total shares sold by Topshelf Enterprise, 42 shares, 25,221 shares, and 37,500 shares were matched in the market on October 12, 2023, October 13, 2023, and October 16, 2023, respectively. Topshelf Enterprise had sufficient margin to meet the purchase obligation of AETHER worth ₹3 crore and purchased 31,500 shares on October 17, 2023, from the market.

4.4. **Mr. Himanshu V. Shah's Trades:**

4.4.1. The Noticee, further mentioned that Mr. Himanshu V. Shah, a partner of Topshelf Enterprise, had sufficient margin in his personal account (Client Code: 1H300) and decided to hold partial delivery of shares which were sold by the Firm in which he is partner. He purchased 20,000 and 11,500 shares on October 12, 2023, and October 13, 2023, respectively. Out of the total shares purchased, 19,958 and 11,279 shares were matched with Topshelf Enterprise's sales, while the remaining 42 and 221 shares were matched with anonymous clients in the market. Mr. Shah did not trade on October 16, 2023.

4.4.2. The Noticee mentioned that on October 17, 2023, Himanshu Shah, partner of Topshelf Enterprise decided to liquidate investments in AETHER in personal capacity and decided to carry forward investment in the security in his partnership firm. Due to this reason, he sold 31,500 shares on October 17, 2023

4.5. The Noticee, mentioned that all orders were placed on the Exchange trading platform within the regulatory framework. These transactions were conducted in the normal course of business, with no intention beyond what has been explained. The clients have adhered to regulatory compliance, and the matching trades were simply a result of temporary illiquidity in the scrip. The Noticee has conducted the necessary internal investigations and sought explanations from the clients involved. The Noticee believes this is an isolated incident, with no fraudulent intent identified. Moreover, the reversal trades did not match on the same day between these clients, which would have been more concerning.

4.6. The Noticee, assured that it prioritized compliance adherence and maintain high standards to meet regulatory requirements. The Noticee is confident that it has not violated any provisions of the circulars mentioned in the Show Cause Notice. The Noticee has already taken appropriate measures in this matter and have warned the clients to refrain from such activities in the future.

PROCEEDINGS BEFORE MCSGFC

5. The Exchange vide email dated October 14, 2024, granted the Noticee an opportunity of personal hearing before the Committee in its meeting held on October 21, 2024. The Noticee was represented by Mr. Jatin Shah – Compliance officer of the Noticee, and Mr. Kunal Katariya –Advocate for the personal hearing on October 21, 2024.

ADDITIONAL SUBMISSION OF THE NOTICEE SUBSEQUENT TO THE MC MEETING:

6. The Noticee submitted an additional response vide email dated October 31, 2024. The summarized response of the Noticee is as under:

6.1. At the outset, all the allegations are denied in the SCN, and it is submitted that the Noticee has not violated any of the Regulations or Circulars as alleged or at all. Nothing contained in the SCN shall be treated to have been admitted on account of non-traverse or otherwise till the time it is expressly admitted in the submissions.

6.2. The allegations are on account of the scrutiny of alleged reversal transactions of two of the Noticee's clients viz. Mr. Himanshu Virendra Shah (AAHPS7504E) (hereinafter "HVS") and Topshelf Enterprise (AAUFT2606B) (hereinafter "Topshelf"), summarized as under:

Date	Buy	Sell	Qty	Avg. Rate	Value
12-10-2023	HVS	Topshelf	19958	948.6493	18933142.80
13-10-2023	HVS	HVS	11279	956.4355	10787637.00
17-10-2023	Topshelf	HVS	31450	921.1860	28971300.00

6.3. SCN alleged that by executing the aforesaid transactions, the clients made a close-out difference as under:

Date	Quantity	Avg B Rate	Avg S Rate	Rate Diff	Closeout Difference
12-10-2023	19958	948.6493	921.1860	27.4632	548112.42
13-10-2023	11279	956.4355	921.1860	35.2495	397580.00
TOTAL					**945692.42**

6.4. SCN also alleged that Topshelf and HVS are related based on common address and mobile number.

6.5. Topshelf is a partnership firm where HVS is a partner. HVS manages the transactions of Topshelf. The other details of the clients are as under:

Particulars	**HVS**	**Topshelf**
Date of Registration	November 08, 2021	March 03, 2023
No. of Trades in the current financial year*	2376	55071
Quantity Traded in the current financial year*	3470467	48416913
Value of trades during the current financial year*	1942521151.40	68195343667.59
No. of Trades during the Investigation Period @	53	1661
Quantity Traded during the Investigation Period @	110001	958877
Value of trades during the Investigation Period @	81636455.55	738411443.75
No. of Trades in the SCN #	14 # = 0.59%, $ = 26.42%	14 # = 0.03%, $ = 0.84%
Quantity Traded in the SCN #	62474 # = 1.80%, $ = 56.79%	62474 # = 0.13%, $ = 6.52%
Value of trades in the SCN #	59441559.60 # = 3.06%, $ = 72.81%	59441559.60 # = 0.09%, $ = 8.05%

6.5.1. Current financial year means April 1, 2024, to October 17, 2024 (last date of alleged reversal trades).

6.5.2. @Investigation period (hereinafter "IP") is from October 12, 2024, to October 17, 2024 (the period when the alleged reversal trades took place)

6.5.3. # Percentage in bracket signifies the % of alleged trades as compared with the trades in the current financial year.

6.5.4. $ Percentage in bracket signifies the % of alleged trades as compared with all the trades of these clients during the IP.

6.6. The Noticee contended that from the above table it can be observed that the clients have been regularly transacting with the Noticee and the alleged trades are a miniscule portion of their entire trading.

6.7. Further, HVS is an active investor in the equity market, holding significant investments in various securities. Both clients have accumulated large, voluminous investments in multiple securities. The investments include large-cap, mid-cap, and small-cap securities. The details of their investment are as under:

Particulars	HVS	Topshelf
Quantity in Holding as on October 17, 2024	690110.879	7,68,533.608
Value of Holding as on October 17, 2024	23,67,27,372.05	46,03,80,726.40

6.8. The clients have consistently met all regulatory obligations and have never defaulted.

6.9. These clients have consistently transacted in AETHER and the details of their transactions during the current financial year are as under:

Topshelf:

Date	Buy Qty	Buy Value	Sell Qty	Sell Value
27/03/2023	300	258,630.00	0	-
28/03/2023	160	137,556.00	0	-
29/03/2023	0	-	160	144,131.60
10/04/2023	11078	10,024,392.40	0	-
11/04/2023	0	-	16	14,704.80
12/04/2023	0	-	500	459,500.00
13/04/2023	0	-	484	449,636.00
17/04/2023	0	-	500	469,500.00
18/04/2023	0	-	500	474,450.00
09/05/2023	0	-	378	366,660.50
08/06/2023	0	-	2000	1,982,587.00
12/06/2023	2000	1,999,817.55	0	-
13/06/2023	4000	4,063,678.40	0	-
14/06/2023	3949	3,996,698.30	0	-
15/06/2023	2500	2,507,500.00	0	-

Date	Buy Qty	Buy Value	Sell Qty	Sell Value
16/06/2023	551	551,660.00	0	-
21/06/2023	0	-	2000	2,187,421.15
22/06/2023	0	-	1000	1,189,129.15
26/06/2023	1000	1,089,808.50	0	-
28/06/2023	500	532,625.00	0	-
30/06/2023	500	532,750.00	0	-
03/07/2023	729	774,437.50	0	-
04/07/2023	271	287,937.50	0	-
13/07/2023	500	539,346.15	500	546,900.00
17/07/2023	500	540,000.00	500	547,475.00
18/07/2023	1000	1,063,000.00	500	549,250.00
26/07/2023	1500	1,540,469.40	0	-
14/08/2023	5000	5,316,000.00	0	-
16/08/2023	3000	3,144,394.00	0	-
17/08/2023	1500	1,556,925.00	0	-
21/08/2023	2500	2,637,247.75	0	-
22/08/2023	6000	6,330,165.15	0	-
23/08/2023	5000	5,247,268.30	0	-
24/08/2023	15000	15,818,228.25	0	-
01/09/2023	1000	991,000.00	0	-
08/09/2023	2379	2,363,362.05	0	-
12/09/2023	0	-	79	81,192.35
14/09/2023	1000	986,000.00	0	-
15/09/2023	7775	7,631,191.30	0	-
18/09/2023	3000	2,944,136.80	0	-
20/09/2023	1078	1,049,889.00	0	-
21/09/2023	1566	1,540,564.50	0	-

Date	Buy Qty	Buy Value	Sell Qty	Sell Value
22/09/2023	5707	5,588,826.45	0	-
25/09/2023	2000	1,937,300.00	0	-
26/09/2023	4574	4,396,076.65	0	-
27/09/2023	1000	959,446.40	0	-
28/09/2023	1000	960,500.00	0	-
29/09/2023	1710	1,638,377.00	0	-
04/10/2023	290	278,108.45	0	-
12/10/2023	0	-	20000	18,973,003.20
13/10/2023	0	-	36500	34,674,080.95
16/10/2023	0	-	37500	35,004,949.70
17/10/2023	31500	29,017,525.00	0	-
26/10/2023	1000	855,500.00	0	-
27/10/2023	242	210,177.00	242	215,017.00
Total	**135859**	**133,838,515.75**	**103359**	**98,329,588.40**

HVS:

Date	Buy Qty	Buy Value	Sell Qty	Sell Value
12/10/2023	20000	18,973,017.00	0	-
13/10/2023	11500	10,998,998.50	0	-
17/10/2023	0	-	31500	29,017,527.50
Total	**31500**	**29,972,015.50**	**31500**	**29,017,527.50**

6.10. The Noticee stated that from the above it can be observed that the clients have transacted in AETHER regularly.

6.11. Further details of the trades during the investigation period are as under:

Topshelf:

Date	Buy / Sell	Qty	Matched Qty	Qty in Market
12-10-2023	Sell	20000	19958	42

13-10-2023	Sell	36500	11279	25221
16-10-2023	Sell	37500	0	37500
	Total	**94000**	**31237**	
17-10-2023	Buy	31500	31450	50

HVS:

Date	Buy / Sell	Qty	Matched Qty	Qty in Market
12-10-2023	Buy	20000	19958	42
13-10-2023	Buy	11500	11279	221
	Total	**31500**	**31237**	
16-10-2023	No Trade	0	0	0
17-10-2023	Sell	31500	31450	50

6.12. The Noticee contended that from the above table, it can be observed that Topshelf has sold 94,500 shares over 4 days of which only 31,237 shares are a subject matter of alleged reversal trades, and the rest of the shares have traded with other market participants. The alleged reversal quantity is only 33% of the total sale of Topshelf.

6.13. The Noticee further submitted that Circular NSE/INVG/39647 dated December 13, 2018, suggests exercising due diligence and advice the trading members to "refrain from entering into abnormal/non-genuine transactions executed by the market participants primarily with an objective of transferring profit / losses between concerned entities or creation of artificial volume in securities / contracts."

6.14. The other two circulars viz. NSE/INVG/2019/40175 dated February 07, 2019, and NSE/INVG/2020/46662 dated December 16, 2020, also deal with the similar transactions.

6.15. The Noticee further stated that it is imperative to appreciate the following:

6.15.1. Only 33% of the trades are alleged reversal trades and the rest of the trades have matched with other market participants.

6.15.2. The cost of incurring trades in AETHER during the investigation period for these clients are as under:

Topshelf:

Particulars	12-10-23	13-10-23	16-10-23	17-10-23	TOTAL

Brokerage	11,400.00	20,805.00	21,000.00	17,325.00	**70,530.00**
Exch Trx	635.59	1161.58	972.09	972.09	**3,741.35**
Stamp Duty	0	0	4352.63	4352.63	**8,705.26**
SEBI TO	18.97	34.67	29.02	29.02	**111.68**
STT	18973	34673.91	29017.49	29017.49	**1,11,681.89**
GST	2166.4	3953.98	3293.48	3293.48	**12,707.34**
Total Cost	**33,193.96**	**60,629.14**	**58,664.71**	**54,989.71**	**2,07,477.52**

OBSERVATIONS, CONSIDERATIONS AND FINDINGS OF THE COMMITTEE

7. After duly considering the oral and written submissions made by the Noticee on the charges mentioned in the SCN dated September 24, 2024, the Committee finds as under:

7.1. The Noticee is the Trading Member on both sides of the impugned trades. The Noticee's clients for these transactions were HVS and TE and the buy orders were placed through IBT and sell orders through CTCL Terminal .

7.2. The Noticee's client executed transactions in the nature of reversal trades in the scrip AETHER in the Equity market, where TE had a positive close out difference of Rs. 9,45,692/- and HVS had a negative close-out difference of Rs. 9,45,692/-.

7.3. The traded quantity in the above-mentioned reversal transactions constituted in the range of 49.79% on October 12, 2023, 16.47% on October 13, 2023, and 27.74% on October 17, 2023, of the market traded quantity of the said Scrip on the respective days.

7.4. The time difference between the time of placement of the buy order and sell order was less than or equal to 20 seconds. Further, for about one-third of the impugned traded value, the difference between time of buy and sell order entry was within the same second. Thus, the transactions appear to be synchronized in nature.

7.5. 99.32% of the traded quantity of the first leg of the transactions was reversed with the same counter party in the second leg.

7.6. As per UCC records of the Exchange (which is uploaded by the Trading member/Noticee herein), it is observed that the clients, HVS and TE, have (a) common mobile number i.e., "+91-9820032209"; and (b) similar address i.e., "1101 Sanghvi Villa, Plot No 73 S V Road, Above Axis Bank, Andheri (W), Mumbai-400058, Maharashtra India. Further, the Noticee in its response also mentioned

that Mr. Himanshu V. Shah is a partner in Topshelf Enterprise and thus related with each other.

7.7. The Committee observes that the traded quantity in Reversal trades as a percentage of total traded quantity of the clients TE and HVS in the scrip on the respective days were 71% and 99.20%. This indicates that almost the entire quantity traded by HVS in the contract on these days was a result of reversal transactions.

7.8. As per the response of the Noticee, the client Topshelf Enterprise bought 94,000 shares of AETHER. The firm temporarily required funds to return the same to its partner Himanshu Shah, so the firm decided to liquidate some of its holdings. respectively. The above client sold a total of 94,000 shares of AETHER over these three days, i.e. October 12, 2023, October 13, 2023, and October 16, 2023, with a market value of approximately ₹8.86 crore. Topshelf Enterprise had sufficient margin to meet the purchase obligation of AETHER worth ₹3 crore and purchased 31,500 shares on October 17, 2023, from the market. It is also stated that Mr. Himanshu V. Shah is a partner of Topshelf Enterprise, he had sufficient margins in his personal account and decided to hold partial delivery of shares which were sold by the Firm in which he is partner. On October 17, 2023, Himanshu Shah, partner of Topshelf Enterprise decided to liquidate investments in AETHER in personal capacity and decided to carry forward investment in the security in his partnership firm. Due to this reason, he sold 31,500 shares on October 17, 2023. Further, as per the response of the Noticee, the Reversal trades were not done with an objective of transferring profits / losses or for creation of artificial volume. However, the Committee observes that the transactions do not appear to be meant for meaningful change in beneficial ownership of the shares and hence, the Committee finds the impugned transactions to be non-genuine in nature. The Committee notes that the trading system / platform of the Exchange cannot be a medium for executing Trade Reversals for any purpose.

7.9. As per the response of the Noticee, the Committee observes that Topshelf has sold 94,500 shares over 4 days, of which 31,237 shares are the subject matter of impugned transactions and the rest of the shares have been traded with other market participants. The alleged reversal quantity is 33% of the total sale of Topshelf. However, the Committee observes that the quantity in Reversal trades as a percentage of the total traded quantity of the clients TE and HVS in the scrip on respective days was 71% and 99.20%. This indicates that almost the entire quantity traded by the client (HVS) in the contract on the respective days was a result of reversal transactions.

7.10. The Committee notes that an analysis was done for every block of 15 mins and the traded quantity for the scrip AETHER for the trading days October 12, 13, & 17 for 2023 is provided below:

Scrip	Oct 12, 2023	Oct 13, 2023	Oct 17, 2023
Average traded Volume in 15 min slots other than slots where impugned transactions were executed (A)	786	2018	3047
Average traded volume in 15 min slot where impugned transaction were executed (B)	10608	18018	13413
Average Reversal Trades Volume in the respective 15 minutes slot (C)	9979	11279	10483
% Increase in Volume ("B" as a percentage of "A")	1250%	793%	340%
"C" as a % of "B"	94.07%	62.60%	78.16%

7.11. The Committee notes from the above table that the increase in volumes in the time slots during which impugned transactions were executed was to the tune of 1250%, 793% and 340% respectively on October 12, 2023, October 13, 2023, and October 17, 2023. Further, during the slots in which the impugned transactions were executed, the traded quantity of the impugned trades constituted 94.07%, 62.60% and 78.16% respectively on October 12, 2023, October 13, 2023, and October 17, 2023, of the total traded volumes in the respective slots. Thus, there was a significant increase in the traded volume in the scrip during these 15-minute intraday slots and within the slot the impugned transactions constituted a significant portion of the market.

7.12. The Committee finds that the Noticee was appearing on both the sides of the transaction. The Committee also notes that the time difference between the time of placement of the buy order and sell order was less than or equal to 20 seconds. Further, for about one-third of the impugned traded value, the buy and sell order entry were placed within the same second. Thus, the transactions appear to be synchronized in nature. The Committee notes that the trading system of the Exchange cannot be a medium for executing Trade Reversals for any purpose.

7.13. The Committee notes that the Noticee has claimed that the said transactions were done without any deceitful intention given the fact that both the clients are related to each other and therefore, cannot be treated non-genuine/ abnormal transactions. However, the Committee finds that the placement of such orders was in a synchronized manner. The Noticee was on both sides of the trade and the clients on both sides of the transaction were related with each other, where 99.32% of the traded quantity of the first leg of the transaction got reversed in the second leg with the same counterparty, constituted in range of 16.47% to 49.79% to the market traded quantity of the scrip on the respective days. Further, there was no significant trading done by the clients in the preceding and post 5 days. Thus, the impugned trade constituted a significant proportion of the increase in the traded volumes of the scrip.

7.14. In view of the above, the Committee finds that, the Noticee, by executing the said transactions, has violated the provisions of Regulation 4.5.4(c)(i) and Regulation 4.6. of NSEIL Regulations (Capital Market 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. In accordance with the Rules/Regulations and Byelaws of the Exchange, the Committee holds that the Noticee has facilitated non-genuine trades. Therefore, in 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 and should be levied. As the close out difference is Rs. 9,45,692/-, since the Noticee is on both sides of the transactions, the total penalty (being 100% of profit earned / loss incurred for both profit and loss making abnormal / non-genuine transactions) amounts to Rs. 18,91,384/-.

MEMBER COMMITTEE DECISION

8. Accordingly, a penalty of Rs. 18,91,384/- (Rupees Eighteen lakhs Ninety-One Thousand Three Hundred and Eighty-Four 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.

9. The Noticee is also directed to take adequate measures / put in place effective systems and controls to comply with the provisions of the Regulation 4.5.4(c)(i) and Regulation 4.6. of NSEIL Regulations (Capital Market Segment) and NSEIL 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/- S Ravindran (Chairperson)	Sd/- Abhilasha Kumari (Committee Member)	Sd/- Mamata Biswal (Committee Member)
Sd/- Essaji Vahavanti (Committee Member)	Sd/- Ashishkumar Chauhan (Committee Member)	

Date: June 04, 2025