Member Committee ("MC/Member Committee")
of
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex, Mumbai – 400051
held on May 23, 2025

In the matter of the Noticee – Axis Securities Limited

CORAM:

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

ALSO PRESENT:

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

BACKGROUND OF THE CASE

1. **Axis Securities Limited** ("**Noticee**") having SEBI Registration No. INZ000161633 is a registered Trading Member of the National Stock Exchange of India Limited ("**NSEIL**"/ "**Exchange**") and is enabled for trading in the Capital Market ("**CM**") segment since April 2007.

2. The Exchange during the monitoring of trading activity in the Equity Segment in March 2024, observed that certain transactions (the Impugned Transactions) in the scrip Hindware Home Innovation Limited (**HINDWAREAP**) were executed by the Noticee as a trading member on both sides of the transaction. The clients involved in these transactions were Garg Brothers Private Limited (**GBPL**) on one side and Cliff Trexim Private Limited (**CTPL**) on the other side, wherein both the buy and sell orders were placed and reversed with the same counterparties.

3. During the period from March 15, 2024, to March 18, 2024, the Noticee's Clients GBPL and CTPL executed impugned transactions by placing orders in a synchronized manner in scrip HINDWAREAP where Noticee's Client GBPL made

a positive close out difference of Rs 84.64 Lakhs and Noticee's Client CTPL made a negative close out difference of Rs. 84.64 Lakhs.

4. Relationship of the clients of the Noticee:

4.1. As per the KYC details received from the Noticee and the reply of the Noticee, it is observed that Client GBPL and CTPL have mentioned same email id 'banktesh@rediffmail.com' and same mobile no. '9331840017' in the KYC document. Further, both the entities belong to the same group of companies having respective directors with a common residential address as under:

Garg Brothers Private Limited (GBPL) Directors	**Cliff Trexim Private Limited (CTPL) Directors**	**Residential Address**
Keshav Kumar Bubna	-	171/B Block G New Alipore Kolkata 700053 West Bengal
Madhaw Kumar Bubna	-	171/B Block G New Alipore Kolkata 700053 West Bengal
Dindayal Bubna	-	171/B Block G New Alipore Kolkata 700053 West Bengal
-	Aditya Bubna	171/B Block G New Alipore Kolkata 700053 West Bengal
-	Abhishek Bubna	171/B Block G New Alipore Kolkata 700053 West Bengal

4.2. Based on the KYC submitted by the Noticee, common shareholders of GBPL and CTPL is given in the below:

Shareholder	**Garg Brothers Private Limited (GBPL) % Holding (as on 31/07/2023)**	**Cliff Trexim Private Limited (CTPL) % Holding**
Bubna Foundation	28.23%	22.26%
Amrit Commercials Pvt Ltd	15.94%	17.22%
Singhal Properties Pvt Ltd	21.33%	17.37%
Span Foundations Pvt Ltd	13.17%	16.98%
Swastika Vanijya Pvt Ltd	3.71%	2.15%

4.3. Further, from the Unique Client Code ("**UCC**") details as uploaded by the Noticee, it is observed that the Noticee's Clients i.e. GBPL and CTPL who were involved in the impugned transactions share a common email address and mobile numbers:

Client Name	**Client Mobile Number**	**Client email id**	**Client Address**

Garg Brothers Private Limited (GBPL)	9331840017	banktesh@rediffmail.com	180 Rabindra Sarani Kolkata 700007 West Bengal
Cliff Trexim Private Limited (CTPL)	9331840017	banktesh@rediffmail.com	57 Burtolla Street Kolkata 700007 West Bengal

4.4. In view of the above, the Noticee's clients are associated with each other by virtue of being group companies and common shareholding.

5. The summary of instances of reversal transactions in the scrip of HINDWAREAP are as under:

Trade Date	Buy Client	Sell Client	Avg. 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 %
15-03-2024	GBPL	CTPL	336.71	2,97,741	GBPL – SOD/P – 84.64	62.72	99.69
18-03-2024	CTPL	GBPL	365.14	2,98,659	CTPL – SOD/N – (84.64)	20.95	

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

5.2. The Noticee's Client GBPL made a positive close out difference of Rs 84.64 Lakhs and Noticee's Client CTPL made a negative close out difference of Rs. 84.64 Lakhs on the above mentioned impugned trades.

5.3. The traded quantity in the above-mentioned reversal transactions constituted 62.72% and 20.95% of the market traded quantity of the scrip on the March 15, 2024, and March 18, 2024, respectively.

5.4. The Noticee's Client GBPL and CTPL executed 14 trades on March 15, 2024, wherein GBPL bought and CTPL sold 297741 shares of HINDWAREAP. On March 18, 2024, they executed 15 trades wherein CTPL bought and GBPL sold 298659 shares. The quantity traded in the first leg and second leg is almost same i.e. the reversal percentage of the traded quantity was 99.69%.

5.5. The Exchange noted that on March 15, 2024, the orders were placed on both sides of the trades through Computer-to-Computer link (**CTCL**), while on March 18, 2024, buy orders of CTPL were placed through Internet Based Trading (**IBT**) and sell orders of GBPL were placed through a CTCL terminal.

5.6. It was observed that reversal trades were executed between clients of the Noticee who were associated entities and were placing orders within themselves. Further, one client of the Noticee was a positive square off difference, while the other client was booking a negative square off difference.

ISSUE OF SHOWCAUSE NOTICE

6. Based on the above-mentioned observations of the Exchange, Exchange issued a Show cause notice ("**SCN**") which was communicated to the Noticee vide Exchange letter NSE/INVG/2024/133098 dated April 25, 2024. The regulatory provisions alleged to have been violated, quoted in the SCN are summarized as under:

6.1. NSE 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) 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."

6.2. 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."

6.3. 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."

6.4. 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:

7. The Noticee responded to the SCN vide email dated July 05, 2024. The summarized response of the Noticee is as under:

7.1. The Noticee submitted that the orders were placed upon the instructions of the Noticee's client i.e. Garg Brothers Private Limited and Cliff Trexim Private Limited.

7.2. The Noticee stated that they reached out to their clients to understand the rationale behind the transactions, wherein clients explained stating that, "Both companies/codes are distinct, albeit under the same group. Trades were executed purely on an independent basis as per availability/requirement of funds under the normal course of business. The Noticee has also enclosed the email it has received from the client.

7.3. Noticee further submitted that that the client has placed the trades within the applicable price range and that there was no intention to manipulate the price.

7.4. The Noticee further submitted that it has cautioned the client to ensure that their platform can't be used for any activity in violation of the regulatory guidelines.

7.5. The Noticee stated that it being a subsidiary of Axis Bank Limited, it adheres to a stringent Risk and Surveillance Mechanism. They continually provide Compliance Training to their officials, covering red flags and alerts

on any attempts to manipulate stocks, contracts, etc., in the Securities Market.

7.6. The Noticee stated that given the steps taken by the Noticee to reach the customers, take rationale for transactions and caution the customer, sought guidance from the Exchange if they need to take specific action/s from their side against the client/s and requested not to initiate any adverse actions against them.

PROCEEDINGS BEFORE MEMBER COMMITTEE

8. The Exchange vide its email dated March 10, 2025, granted Noticee an opportunity of personal hearing before the Committee in its meeting dated March 17, 2025. Noticee vide its email dated March 11, 2025, had requested the Exchange to adjourn the matter on the grounds of ongoing regulatory audits. The Committee acceded to this adjournment request and directed the Exchange to place the matter before the Committee in a subsequent meeting.

9. The Exchange, vide its email dated May 16, 2025, again granted Noticee an opportunity of personal hearing before the Committee in its meeting dated May 23, 2025. The Noticee was represented by Mr. Hemant Patel – Chief Financial Officer, Mr. Rajiv Kejriwal – Compliance Officer and Ms. Mayuri Parekh – DVP, Compliance and Legal, who appeared for the personal hearing and reiterated what was submitted by the Noticee.

OBSERVATIONS, CONSIDERATIONS & FINDINGS OF THE COMMITTEE

10. After duly considering the oral and written submissions made by the Noticee on the charges mentioned in the SCN dated April 25, 2024, the Committee finds as under:

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

10.2. The Committee notes that the Noticee's Client GBPL made a positive close out difference of Rs. 84,64,229/- and Noticee's Client CTPL made a negative close out difference of Rs. 84,64,229/-

10.3. The Committee notes that the traded quantity in the reversal transactions constituted 62.72% and 20.95% of the market traded quantity of the scrip on the March 15, 2024, and March 18, 2024, respectively.

10.4. The Noticee's Client GBPL and CTPL executed 14 trades on March 15, 2024, wherein GBPL bought and CTPL sold 297741 shares of HINDWAREAP. On March 18, 2024, they executed 15 trades wherein CTPL bought and GBPL sold 298659 shares. The quantity traded in the

first leg and second leg is almost same i.e. Reversal percentage of the traded quantity was 99.69%.

10.5. As per UCC records of the Exchange, it is observed that the Noticee's Clients i.e. GBPL and CTPL involved in the impugned transactions share common details as below:

10.5.1 The same mobile numbers viz, "9331840017"
10.5.2 The same email ID viz, "banktesh@rediffmail.com"

10.6. The Committee observes that the close-out difference of the impugned transactions compared to the close-out difference of all transactions in the scrip HINDWAREAP for the Noticee's clients, ranges between 98.93% and 98.96%. This implies that almost the entire close out difference of both the Noticee's Clients on the reversal dates in the scrip were as a result of the impugned reversal transactions.

10.7. Further, the traded quantity of the impugned transactions compared to the total traded quantity of both the Noticee's Clients in the scrip HINDWAREAP on respective days of reversal, were 98.92% each. This implies that almost the entire quantity traded by the Noticee's client in the scrip on the reversal days was a result of the impugned transactions.

10.8. With respect to the effect of the impugned transactions on the volume of the said scrips on the respective days, the Committee notes that on March 15, 2024 and March 18, 2024, the average market volume for a 15-minute slots was 24,151 (where the Noticee's clients were not active), however during the specific 15-minute slot when the impugned transactions were executed the volume was 2,98,065, which was 1134.15% more than the average volume in the 15-minute slots where the Noticee's clients were not active.

10.9. The Committee also notes that both the Noticee's Clients involved in the impugned transactions have not traded in the scrip of HINDWAREAP in 10 trading days preceding and the post the dates of reversal transactions.

10.10. As per the Noticee's response wherein it has submitted that "clients explained the rationale behind the trades stating, Both companies/codes are distinct, albeit under the same group. Trades were executed purely on an independent basis as per availability/requirement of funds under the normal course of business", the Committee notes that the Noticee's Clients GBPL and CTPL are group companies, indicating an apparent relationship between them, and thereby tantamount to the fact that the transactions were not meant for meaningful change in ownership of the shares as the shares returned to the original owner as a result of a round-trip transaction, the same are non-genuine in nature. The trading system of the Exchange cannot be a medium for executing Trade Reversals for any purpose.

10.11. The Committee reminded the Noticee that as per Circular NSE/SURV/48818 dated July 01, 2021, the Trading Members are also

required to generate appropriate surveillance alerts at their end, to enable them to effectively monitor the trading activity of their clients at their end as per the laid down surveillance policy. Based on circumstances and based on business model and service offered to clients, the trading members are required to exercise their independent judgement and formulate their own alerts and take appropriate actions thereof. Given that the Noticee is the Trading Member for both Clients on either side of the impugned transactions that were related, which eventually were reversed with the same counterparties, the Committee concludes that the Noticee's surveillance systems were inadequate.

10.12. The Committee notes that on March 15, 2024, there were total of 13465 trades that were executed in the market for the scrip of HINDWAREAP, out of which 14 trades were executed by Noticee's clients, contributing 62.72% of the total market gross, while rest of the 13451 trades contributed 37.28% of the total market. On March 18, 2024, 53069 trades were executed in the market for the scrip of HINDWAREAP, out of which 15 trades were executed by Noticee's clients, contributing to 20.95% of the total market gross. Further, these trades were executed between related entities. Exchange Circular No. NSE/INVG/2019/40175 dated February 07, 2019, provides certain indicative scenarios which may need additional attention of the Trading Member. This scenario includes "Trading activity of client(s) concentrated in a specific security / contract which is/are 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". The Committee notes that Noticee could have been alerted on March 15, 2024, when the apparently related clients traded in a concentrated manner in a scrip which not very liquid and the buy and sell trades were placed through dealers of the Noticee.

10.13. The Committee further notes that in all the 29 orders placed by the Noticee's client, on March 15, 2024, and March 18, 2024, the Buy Order Limit Price was exactly same as the Sell Order Limit price. For the sake of understanding, buy limit price is the maximum price a buyer is willing to pay for a security, ensuring that its' order only executes at that price or lower. A sell limit price is the minimum price that a seller is willing to accept to sell a security, guaranteeing that its' order only executes at that price or higher. This implies that the buy and sell orders were placed with the mutual knowledge of the Noticee's client. The Committee notes that the Exchange platform is not meant for being used for reversal transactions. The Committee further observes that the transactions do not appear to be meant for meaningful change in ownership of the shares and hence the Committee finds the Impugned Transactions to be non-genuine in nature.

10.14. The above findings tantamount to creating a false or misleading appearance with respect to the market thereby violating Regulation 4.5.4(c)(i)) of NSEIL Regulations (CM Segment) and to create an artificial appearance of activity in such security thereby violating the Exchange Regulation 4.6.1. of NSEIL Regulations (CM Segment) The Committee observes that as far as the Exchange is concerned, if the transactions are

not meant for meaningful change in ownership of the shares as the shares returned to the original owner as a result of a round-trip transaction, the same are non-genuine in nature. The trading system of the Exchange cannot be a medium for executing Trade Reversals for any purpose

10.15. The Committee finds that the act of the Noticee's Clients also indicates that order/s for the purchase/sale of security were placed with knowledge that an order/s of substantially the same size, and at substantially the same price, for the purchase/sale of such security, has been or will be entered on the other side of the order book, thus violating the Regulation 4.6.2 of NSEIL Regulations (CM Segment).

10.16. The Noticee by executing the impugned 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 and violated legal provisions as mentioned above.

10.17. 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 of Rs. 84,64,229/-, since the Noticee is on both sides of the transaction, the amount of penalty comes to Rs. 1,69,28,457/- (being 100% of profit earned / loss incurred for both profit and loss making abnormal / non-genuine transactions).

MEMBER COMMITTEE DECISION

11. Accordingly, a penalty of Rs. 1,69,28,457/- (Rupees One Crore Sixty Nine Lakhs Twenty Eight Thousand Four Hundred and Fifty Seven 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.

12. 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. of NSEIL Regulations (CM 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/-	Sd/-	Sd/-
Abhilasha Kumari	Essaji Vahavanti	Ashishkumar Chauhan
(Committee Member)	(Committee Member)	(Committee Member)

Date: April 06, 2026