

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/VC/2025-26/31957]

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

In respect of:

Mrs. Alkaben Matadar
(PAN: AGAPM3957C)

In the matter of dealings in Illiquid Stocks Options on BSE

BACKGORUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") observed large scale reversal of trades in the Illiquid Stock Options (hereinafter also referred to as "**ISO**") on BSE Ltd. (hereinafter referred to as "**BSE**") leading to creation of artificial volume. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in ISO on BSE for the period starting from April 1, 2014 to September 30, 2015 (hereinafter referred to as "**IP**").

2. Investigation by SEBI revealed that during the IP, a total of 2,91,744 trades comprising 81.41% of all the trades executed in stock options segment of BSE were trades involving reversal of buy and sell positions by the clients and counterparties in a contract. In these trades, entities reversed their buy or sell position in a contract with subsequent sell or buy position with the same counterparty. These reversal trades were alleged to be non-genuine as they lacked basic trading rationale and allegedly portrayed false or misleading appearance of trading leading to creation of artificial volume in those contracts. In view of the same, such reversal trades were alleged to be deceptive and manipulative in nature.

3. During the IP, 14,720 entities were found to have executed non-genuine trades in BSE's stock options segment. It was observed that Mrs. Alkaben Matadar (hereinafter referred to as the "**Noticee**") was one of the entities who executed reversal trades in stock options segment of BSE during the IP. Her trades were alleged to be non-genuine in nature which created false or misleading appearance of trading in terms of artificial volumes in stock options. Therefore, her trades were alleged to be manipulative and deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for alleged violation of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

APPOINTMENT OF ADJUDICATING OFFICER

4. Pursuant to transfer of the case from erstwhile Adjudicating Officer (hereinafter referred to as "**AO**"), the undersigned was appointed as AO in the matter vide order dated April 03, 2025, under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "**SEBI Act**") read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Rules**"), to inquire into and adjudge under the provisions of section 15HA of the SEBI Act for the alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice dated March 07, 2022 (hereinafter referred to as "**SCN**") was served to the Noticee under rule 4(1) of Rules to show cause as to why an inquiry should not be held and penalty, if any, should not be imposed upon her for the alleged violations of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations.
6. It was alleged in the SCN that the Noticee had executed one trade reversal through two non-genuine trades in one unique options contract creating artificial volume of

1,16,000 units. Summary of the dealings of the Noticee in said options contract, in which she allegedly executed reversal trade during the IP, is as follows:

Table No. 1

Contract name	Avg. buy rate (₹)	Total buy volume (no. of units)	Avg. sell rate (₹)	Total sell volume (no. of units)	% of Artificial volume generated by the Noticee in the contract to Noticee's Total volume in the contract	% of Artificial volume generated by the Noticee in the contract to Total volume in the contract
A	B	C	D	E	F	G
DLFL15JUL105.00CE	7.5	58,000	11.8	58,000	100%	4.94%

7. The aforesaid reversal trade is illustrated through the dealings of the Noticee in one contract, viz., 'DLFL15JUL105.00CE' during the IP as follows:
 - (a) During the IP, two trades for 58,000 units were executed by the Noticee in the said contract on July 16, 2015;
 - (b) While dealing in the said contract on July 16, 2015, at 14:39:06 hours, Noticee entered into a buy trade with counterparty 'Hora Finance Investment' for 58,000 units at ₹7.5/- per unit. On same day, at 14:39:13 hours, Noticee entered into a buy trade with the same counterparty for 58,000 units at ₹11.8/- per unit;
 - (c) The Noticee's two trades while dealing in the abovementioned contract during the IP generated artificial volume of 1,16,000 units, which constituted 4.94% of total market volume in the said contract during the IP.
8. The SCN was duly served to the Noticee through Speed Post Acknowledgement Due (hereinafter referred to as "**SPAD**").
9. Subsequently, a Post SCN Intimation (hereinafter referred to as "**PSI**") dated August 01, 2022 issued to Noticee stated that SEBI had introduced a Settlement Scheme, i.e., SEBI Settlement Scheme, 2022 (hereinafter referred to as

“**Settlement Scheme 2022**”) in terms of regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”). It further stated that the Settlement Scheme 2022 provided a one- time opportunity to the entities against whom proceedings were initiated and appeals against the said proceedings were pending, to settle the proceedings. The scheme commenced on August 22, 2022 and remained open for a period of 3 months. The PSI was served to the Noticee through SPAD and email. Later, the applicable period of the Settlement Scheme 2022 was extended to January 21, 2023 by SEBI.

10. However, the Noticee did not avail the Settlement Scheme 2022, therefore, the adjudication proceedings against her were resumed. Accordingly, vide notice of hearing dated May 08, 2023, Noticee was granted an opportunity of hearing by erstwhile AO on May 18, 2023, however, she did not avail the said opportunity. Further, vide notice of hearing dated June 06, 2023, Noticee was granted another opportunity of hearing on June 20, 2023. Considering the request of Noticee, hearing was rescheduled to June 21, 2023. On the said date, Mr. Vinod Matadar (husband of Noticee) attended the personal hearing on behalf of the Noticee and submitted that Noticee is interested in opting for the settlement scheme, if an option is provided.

11. Vide email dated June 21, 2023, Noticee, *inter alia*, submitted that ‘*whatever happened was not in my knowledge, and it might be done by my part time accountant in our name, when we went to see our son at USA, something wrong has happened from my end is sure because it is on Government record, So I have to accept it, because it has happened on my PAN No, I request you to charge minimum penalty, and oblige me.*’

12. Subsequently, a second PSI dated March 06, 2024 was issued to the Noticee, wherein it was stated that SEBI had offered another Settlement Scheme, i.e., SEBI Settlement Scheme, 2024 (hereinafter referred to as “**Settlement Scheme 2024**”)

in terms of regulation 26 of Settlement Regulations. The applicable period of the scheme was March 11, 2024 to May 10, 2024. The second PSI was served upon Noticee through SPAD and email. The Settlement Scheme 2024 was extended till June 10, 2024 by SEBI vide Public Notice dated May 08, 2024.

13. It was observed that Noticee did not avail the Settlement Scheme 2024, therefore, the adjudication proceedings against her were resumed. Accordingly, vide notice of hearing dated January 01, 2025, Noticee was granted an opportunity of hearing by erstwhile AO on January 16, 2025, however, she did not avail the said opportunity.
14. Pursuant to appointment of the undersigned as AO, vide notice of hearing dated July 16, 2025, Noticee was granted a fresh opportunity of hearing on August 06, 2025. The said notice of hearing was duly served to the Noticee through SPAD and email. However, Noticee did not avail the said opportunity also.

CONSIDERATION OF ISSUES AND FINDINGS

15. I have perused the allegations levelled against the Noticee in the SCN, her reply, submissions made during personal hearing and the material available on record. In the instant matter, the following issues arise for consideration and determination:
 - I. Whether the Noticee violated the provisions of regulations 3(a), (b), (c), (d) and 4(1) and 4(2)(a) of PFUTP Regulations?
 - II. Do the violations, if any, on part of the Noticee attract monetary penalty under section 15HA of SEBI Act?
 - III. If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?
16. Before proceeding further, it is pertinent to refer to the relevant provisions of PFUTP Regulations which are alleged to have been violated by the Noticee, as under:
“3. Prohibition of certain dealings in securities
No person shall directly or indirectly –
(a) buy, sell or otherwise deal in securities in a fraudulent manner;

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

“4. Prohibition of manipulative, fraudulent and unfair trade practices

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

Issue No. 1: Whether the Noticee violated the provisions of regulations 3(a), (b), (c), (d) and Regulation 4(1) and 4(2)(a) of PFUTP Regulations?

17. I note that it was alleged in the SCN that the Noticee, while dealing in the stock options contract on BSE during the IP, had executed reversal trades which were allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock options contract on BSE. The said reversal trades were alleged to be non-genuine trades as they were not executed in the normal course of trading, lacked basic trading rationale, led to false or misleading appearance of trading in terms of generation of artificial volumes and hence, were deceptive and manipulative.

18. From the documents on record, it is noted that the Noticee was one of the entities who had executed non-genuine reversal trades and created artificial volume of 1,16,000 units through two trades leading to one reversal trade in one stock options contract during the IP. The summary of trades is given below:

Table No. 2

Contract name	Avg. buy rate (₹)	Total buy volume (no. of units)	Avg. sell rate (₹)	Total sell volume (no. of units)	% of Artificial volume generated by the Noticee in the contract to Noticee's Total volume in the contract	% of Artificial volume generated by the Noticee in the contract to Total volume in the contract
A	B	C	D	E	F	G
DLFL15JUL105.00CE	7.5	58,000	11.8	58,000	100%	4.94%

19. On July 16, 2015, the Noticee, at 14:39:06 hours, entered into a buy trade in a contract, viz., 'DLFL15JUL105.00CE' with counterparty 'Hora Finance Investment' for 58,000 units at ₹7.5/- per unit. On the same day, at 14:39:13 hours, Noticee entered into a sell trade of same contract with the same counterparty for 58,000 units at ₹11.8/- per unit. It is noted that the Noticee while dealing in the said contract, executed a total of 2 trades (1 buy trade and 1 sell trade) with same counterparty, viz., Hora Finance Investment on the same day and with significant price difference of ₹4.3/- in buy and sell rates within 7 seconds. It is observed that the Noticee's two trades, while dealing in the aforesaid contract, generated an artificial volume of 1,16,000 units, which made up to 4.94% of total market volume in the said contract during the IP.

20. In response, Noticee submitted that impugned trades were not in her knowledge, and it might be done by her part time accountant in her name, when she went to USA. She further submitted that something wrong had happened at her end for sure because it is on Government record, hence she accepted the violation as the trades were executed by using her PAN. In this regard, I note that it is the responsibility of Noticee to ensure the genuineness of trades executed from her account. The Noticee is expected to act with due diligence and cannot shift responsibility of trades executed from her account on her accountant. However, at the same time, Noticee admitted the violation and submitted that something wrong had happened at her end for sure as the trades were executed by using her PAN.

21. I note that the non-genuineness of the transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within few seconds, the Noticee reversed the position with the same counterparty with significant price difference on the same day. The fact that the transactions in a particular contract were reversed with the same counterparty indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. Since these trades were done in illiquid options contract, there was negligible trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation in price of the said contract, within a short span of time, is a clear indication that there was pre-determination in the prices by the counterparties while executing the trades. Thus, it is observed that Noticee had executed reversal trades with her counterparty in the stock options segment of BSE and the same were non-genuine trades.

22. It cannot be a mere coincidence that the Noticee could match her trades with the same counterparty with whom she had undertaken first leg of the respective trades. The fact that the transactions in a particular contract were reversed with the same counterparty for the same quantity of units, indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. It is further noted that direct evidence is not forthcoming in the present matter as regards to meeting of minds or collusion with other entities, *inter alia*, the counterparties or agents/fronts. However, trading behaviour as noted above makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level.

23. In this regard, reference is drawn to the judgement of Hon'ble Supreme Court in the matter of *SEBI v. Kishore R Ajmera* (AIR 2016 SC 1079), wherein it was held that:

"...According to us, knowledge of who the 2nd party / client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds

elsewhere would rarely be forthcoming...in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive.

It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion."

24. Therefore, applying the ratio of the above judgment, it is observed that the execution of trades by the Noticee in the options segment with such precision in terms of order placement, time, price, quantity, etc., and also the fact that the transactions were reversed with the same counterparty clearly indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. The only reason for the wide variation in prices of the same contract, within few seconds was a clear indication that there was pre-determination in the prices by the counterparties when executing the trades. Thus, the nature of trading, as brought out above, clearly indicates an element of prior meeting of minds and therefore, a collusion of the Noticee with her counterparty to carry out the trades at pre-determined prices.
25. It is also relevant to refer to judgement of the Hon'ble Securities Appellate Tribunal in the matter of *Ketan Parekh v. SEBI* (Appeal No. 2 of 2004, date of decision July 14, 2006), wherein it was held that:

"In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may

not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4 (a) of the Regulations.”

26. In this regard, further reliance is placed on judgment of Hon'ble Supreme Court in the matter of *SEBI v. Rakhi Trading Private Limited*, decided on February 8, 2018 on similar factual circumstances, which, *inter alia*, stated as under:

“Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board’s circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities.....”

27. Therefore, the trading behaviour of the Noticee confirms that such trades were not normal, indicating that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in respective contract. In view of the above, I find that the allegation of violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations by the Noticee stands established.

Issue No. 2: Do the violations, if any, on part of the Noticee attract monetary penalty under section 15HA of SEBI Act?

28. In the findings made in foregoing paragraphs, it has been established that the Noticee executed non-genuine reversal trades, which created false and misleading appearance of trading, thereby generated artificial volumes in the stock options segment of BSE during the IP, therefore, Noticee violated the provisions of regulations 3(a), (b), (c) and (d) and regulation 4(1) and 4(2)(a) of the PFUTP Regulations.

29. Therefore, considering the above findings and the judgement of Hon'ble Supreme Court in the matter of *SEBI v. Shriram Mutual Fund* [2006] 68 SCL 216 (SC) decided on May 23, 2006, wherein it was held that "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must be made by the defaulter with guilty intention or not.*", I am convinced that it is a fit case for imposition of monetary penalty under the provisions of section 15HA of SEBI Act, which reads as under:

“Penalty for Fraudulent and Unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, she shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.”

Issue No. 3: If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

30. While determining the quantum of penalty under section 15HA of the SEBI Act, the following factors as stipulated in section 15J of the SEBI Act are taken into account-

“Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

31. As established above, the trades by the Noticee were non-genuine in nature and created a misleading appearance of trading in the aforesaid contract. I note that when the impact of artificial volume created by the two counterparties is seen as a whole, it is not possible, from the material on record, to quantify the amount of disproportionate gain or unfair advantage resulting from the artificial trades between the counterparties or the consequent loss caused to investors as a result of the default. Further, the material available on record does not demonstrate any repetitive default on the part of the Noticee. However, considering that the two non-genuine trades entered by the Noticee in one options contract led to creation of artificial volumes which had the effect of distorting the market mechanism in the stock options segment of BSE, I find that the aforesaid violations were detrimental to the integrity of securities market and therefore, it should be dealt with suitable penalty.

ORDER

32. Taking into account the facts and circumstances of the case, material available on record, findings hereinabove and factors mentioned in section 15J of the SEBI Act, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose monetary penalty of ₹ 5,00,000/- (Rupees Five Lakh only) on the Noticee (Mrs. Alkaben Matadar) under section 15HA of SEBI Act for the violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations. I am of the view that the said penalty is commensurate with the violations committed by Noticee.

33. The Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order in either of the way, such as by following the path at SEBI website www.sebi.gov.in:

ENFORCEMENT >Orders >Orders of AO> PAYNOW;

34. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

35. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to the Noticee and to SEBI.

Place: Mumbai

Date: January 09, 2026

**JAI SEBASTIAN
ADJUDICATING OFFICER**