

SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER
UNDER SECTIONS 11B AND 11D OF SEBI ACT, 1992
IN THE MATTER OF DEALING IN FUTURES AND OPTIONS CONTRACTS ON THE
NATIONAL STOCK EXCHANGE

WTM/GA/16 /ISD/06/ 2007

1. Background

- 1.1 The trading in futures and options (F & O) contracts on the National Stock Exchange has been engaging the attention of SEBI for quite some time now. SEBI has been noting with increasing interest the nature of transactions occurring in this trading segment of capital markets. While SEBI has been advising the stock exchanges to keep a close vigil on such transactions, SEBI, on its own, also commenced a study on the nature and scope of such transactions. This is in consonance with SEBI's avowed objective and continued efforts of protecting investor interests and safeguarding market integrity. This study and the subsequent preliminary examination was commenced with the technological support and armed with output provided by the Integrated Market Surveillance System (IMSS) of SEBI and can lay claim to be the first detailed examination by SEBI in the burgeoning F & O segment.
- 1.2 Perusal of trading data of the F & O segment in the NSE for the period January to March 2007 brought out some extraordinary facts. It was observed that some of brokers at NSE have been trading in futures and options contracts in a peculiar manner. The brokers were buying and selling almost equal quantities of contracts within the day and such buy/sell was synchronized in nature. In most of the cases, the same quantity and in few cases substantially the same quantity of the original trade was closed out during the day at a price which was significantly above or below the price at which the first/original transaction was executed without significant variations in the traded price of the underlying.
- 1.3 The observations as indicated above raised severe surveillance concerns with respect to genuine trading and price discovery in this segment as well as market integrity from an investor protection point of view. It was therefore decided to commence a preliminary examination into the trading in futures and option contracts for this period. The findings of the examination are detailed below.

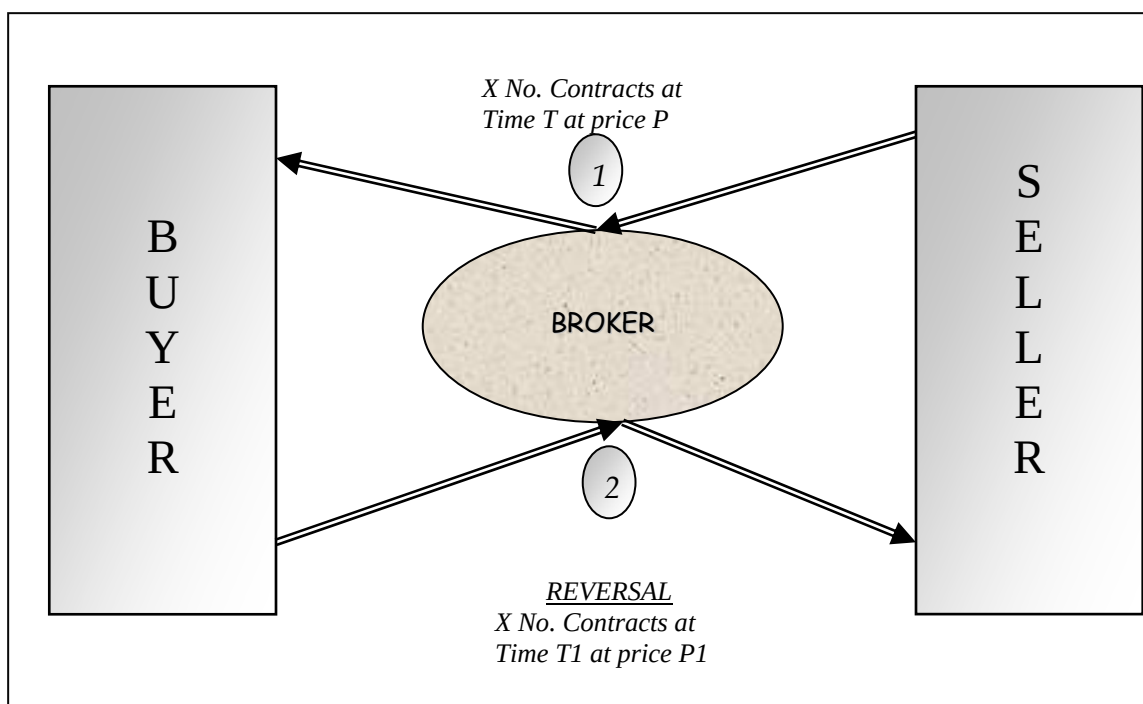
2. Findings of preliminary examination in respect of reversal of trades

- 2.1 The trading data of the brokers was analyzed to find out those deals where there was a buy or a sell transaction for a particular client and the same was reversed on the same day. Examinations of such transactions brought out that the reversal of trade was being done either for the entire quantity of contract or substantially the same quantity with the same

opposite party. Reversal of trade implies that where a buy transaction has been initially entered into by a broker for a particular client for a specific quantity, there is a corresponding sale transaction which takes place during the day for the same quantity between the same set of broker/clients and vice versa. However, it was pertinent to note that the difference in the prices at which the above two trades were executed was very significant whereas such differences were not observed in the price of the underlying shares. It was also observed that there were several brokers who were trading in the F & O contracts in a synchronized manner during the period. Additionally, it was also seen that one of the parties to the transactions apparently had substantial gains while the other party suffered losses in such transactions. Such gains and losses are termed as Close out Difference (COD) and transactions are called reversal of trades.

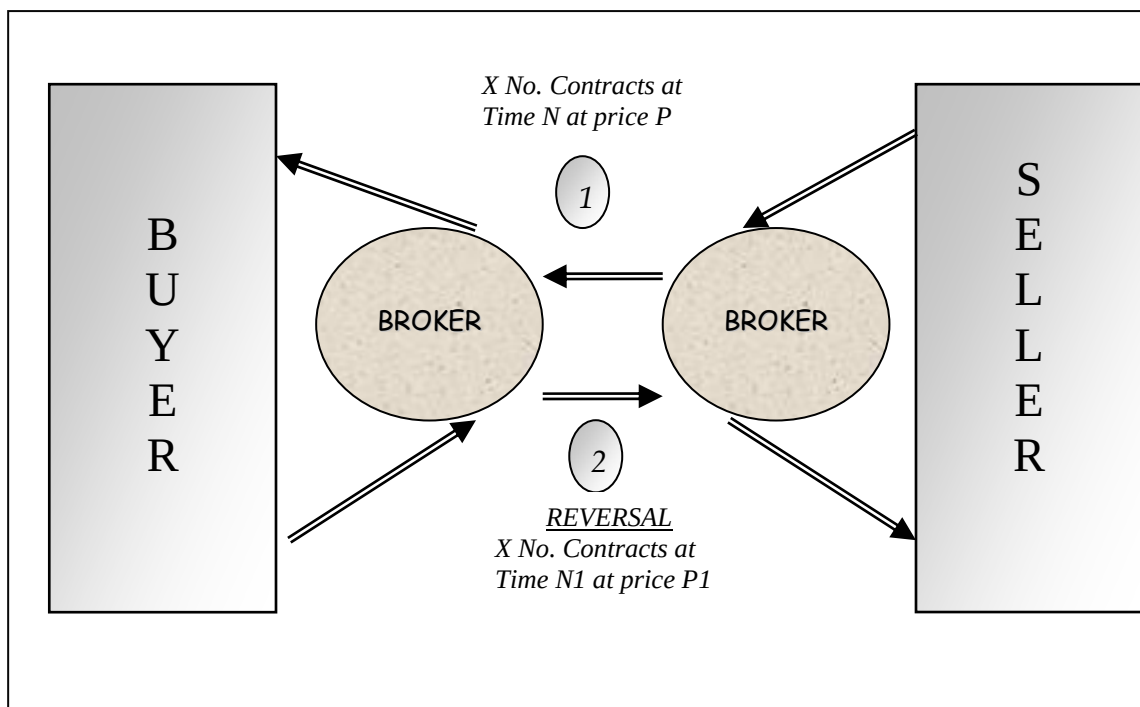
- 2.2 The findings of the preliminary examination has brought out that the F & O segment is awash with transactions undertaken by broker and clients which essentially are non genuine. Such transactions were in the nature of fictitious transactions resulting in creation of misleading appearance of trading in these options. It was also brought out that the brokers have transacted in both type of contracts- futures as well as option contracts. Further, it was also seen that in several cases that the same broker was appearing both on the buy side as well as the sell side of the transaction. The transactions can be diagrammatically represented as under

Case 1: Same broker acting on behalf of buyer as well as seller



In the above situation, the same broker is undertaking transactions on behalf of both the buying as well as selling clients. He is buying say X number of contracts at a price P at time T1 and thereafter reversing the transactions on behalf of the same set of clients by selling X number of contracts at price P1 at time T1.

Case 2: Different brokers acting on behalf of buyers and sellers



In the above situation, the brokers are different. One broker is buying say X number of contracts at a price P at time T1 through the selling broker. Thereafter, the transactions are reversed and the selling broker now becomes the buying broker for his client (who had sold in the first leg of the transaction) by buying again X number of contracts at price P1 at time T1

Curiously, such transactions also resulted in unusual profit and loss for these entities. The motive of such transactions was not genuine purchase and sale but rather seemed to be for creating artificial market for trading in the futures & options and booking profit/losses on such transactions. As is being brought out, the transactions resulted in substantial book losses for one client and profit for another client. The range and scope with which such transactions have been carried out seems to suggest that there is a thriving market for such transfer of profits /losses providing the opportunity to avail of favourable tax assessments.

- 2.3 For the purpose of preliminary examination, those brokers whose cumulative reversal differences exceeded Rs.25 lakhs or those who had undertaken more than 20 reversal transactions during the period - January 2007 to March 2007 were short listed. The reversal differences were calculated on an approximate basis by taking into consideration the

difference in prices for the first and the subsequent counter trades. The transactions undertaken are discussed herein under

- 2.4 **Findings with respect to brokers who were seen to have been transacting on both sides of the transactions in Options and Futures contract:** The findings of the preliminary examination brought out the following 5 brokers in this regard.

No	Broker	Jan		Feb		March		Total	
		COD	NR	COD	NR	COD	NR	COD	NR
1.	Kumar Share Brokers Ltd.	--	--	--	--	19.86	112	19.86	112
2.	CPR Capital Services Ltd.	16.25	20	25.87	16	12.36	7	54.48	43
3.	SMC Global Securities Ltd.	26.09	8	44.58	14	2.67	4	73.34	26
4.	Khandwala Int. Fin. Ser P Ltd	23.93	4	32.36	4	44.19	10	100.48	18
5.	Shilpa Stock Brokers P Ltd.	--	--	--	--	45.09	16	45.09	16
	Total	66.27	32	102.81	34	124.17	149	293.25	215

Legends: COD - Close out /Reversal difference (Rs. lacs)

NR- Number of Reversal transaction

- 2.5 The total COD across 5 brokers is Rs. 293.25 and has witnessed a sharp increase over the months January to March 2007. This trend may continue if unchecked. It is noted from the above table that stock broker – Kumar Share Brokers Ltd has undertaken 112 reversal transactions in the month of March 2007 resulting in an aggregate close out difference of Rs 19.86 lakhs. This broker has undertaken maximum no of reversals during the period – 112 out of a total of 215 reversals. The total COD across 5 brokers is Rs 293.25 lakhs across 215 reversals. These reversals were seen to have been carried out across the F & O segment and mostly in stock futures, stock options and index options.
- 2.6 Similarly, broker - CPR Capital Services Ltd has undertaken 43 reversals across the period resulting in an aggregate close out difference of Rs 54.48 lakhs. Broker - SMC Global Securities Ltd. has undertaken 26 reversals across the period resulting in an aggregate close out difference of Rs 73.34 lakhs. Broker - Khandwala Int. Fin. Ser P Ltd has undertaken 18 reversals across the period resulting in an aggregate close out difference of Rs 100.48 lakhs. Broker - Shilpa Stock Brokers Pvt. Ltd. has undertaken 16 reversals across the period resulting in an aggregate close out difference of Rs 45.09 lakhs.
- 2.7 It has further been brought out that such reversal transactions comprised as high as 50% of the market volume and on many occasions, it even comprised 100% of the total market volume in the market segment in the particular instrument for the day. Transactions were carried out in options in a large number of scrips across the market. Transactions were also seen to be carried out mostly in illiquid options, i.e. options where transactions of few identified brokers made up almost the entire trading volume. Similar pattern was noticed in stock futures and index options as well. For the purpose of explanations, illustrative

reversal transactions undertaken by the aforesaid brokers during the entire period which comprised significant percentage (50% to 100%) of the market volume or which were reversed during a very short span of time are given below

2.8 Details transactions of selected brokers:

2.8.1 Kumar Share brokers Ltd.

The total close out /reversal difference is Rs. 19.86 lakhs across 112 reversals done during the month of March 2007. All the above transactions were done on behalf of clients. Illustrative transaction is given below

Transactions in UTI bank American Type put option (39171UTIBANK39198PA490) carried out on 30/3/07 for expiry on 26/4/07 – COD Rs 54000

Buy Strike Price	Trade Time (hh:mm:ss)	Trade Price Rs	Cash Seg Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Sell Client Name	Buy Client Name
490	15:15:32	15	489.2	4500	50	67,500	Ruchi mehrotra	Poonam Narendra chaudhary
490	15:15:55	3	489.2	4500	50	13,500	Poonam Narendra Chaudhary	Ruchi Mehrotra
Total				9000	100	81,000		

From the above table it may be observed that broker Kumar Shares has dealt on behalf of its clients Ruchi Mehrotra and Poonam Narendra Chaudhary. The broker has initially entered into a buy transaction for 4500 options @Rs. 15 for his client Poonam Narendra Chaudhary and sell transaction for client Ruchi Mehrotra at 15:15:32 hrs and after 23 seconds i.e. 15:15:55 hrs, the broker has reversed the positions for the clients (closed out their respective positions) @ a price Rs 3. The close out difference is Rs 54000 (Rs 15 less Rs 3 times 4500 # of options).

It is also pertinent to note that there was no change in the price of underlying when both the transactions were undertaken and it remained at Rs 489.2. It was also observed that these transactions constituted 100% of the market volume in that particular contract at the exchange for the day.

Similar other transactions were carried out by the broker for other clients during the period which are summarised below

Trade Date	Buy Symbol	Buy Expiry Date	Buy Option Type	Trade Quantity (buy +Sell)	total % to Market Gross	CLOSE OUT DIFFERENCE (Rs.)
21-Mar-07	GMRINFRA	3/29/2007	CA	4000	100	21,500
21-Mar-07	CAIRN	3/29/2007	CA	25000	100	60,000
22-Mar-07	GMRINFRA	3/29/2007	CA	10000	90.9	44,000
22-Mar-07	VOLTAS	3/29/2007	CA	18000	100	61,200
22-Mar-07	CAIRN	3/29/2007	CA	20000	100	37,000
22-Mar-07	BHARATFORG	3/29/2007	CA	10000	90.9	29,000
23-Mar-07	GDL	3/29/2007	CA	10000	100	31,000
23-Mar-07	HCLTECH	3/29/2007	CA	7800	99.97	30,680
26-Mar-07	MCDOWELL-N	3/29/2007	CA	4000	100	86,500
26-Mar-07	INDUSINDBK	3/29/2007	CA	34650	90	150,150
26-Mar-07	DABUR	3/29/2007	CA	10800	100	20,925
26-Mar-07	ALBK	3/29/2007	PA	14700	100.02	109,025
30-Mar-07	NICOLASPIR	4/26/2007	PA	20900	100	90,915
30-Mar-07	IOB	4/26/2007	PA	47200	100	179,803
30-Mar-07	GUJALKALI	4/26/2007	PA	14000	100	46,900
30-Mar-07	FEDERALBNK	4/26/2007	PA	13000	100	52,000
30-Mar-07	CORPBANK	4/26/2007	CA	7200	37.5	31,800
30-Mar-07	UTIBANK	4/26/2007	PA	9000	100	54,000
28-Mar-07	BATAINDIA	3/29/2007	CA	8400	100	31,290
28-Mar-07	ANDHRABANK	3/29/2007	PA	32200	100	79,580
29-Mar-07	DABUR	3/29/2007	PA	27000	40	113,400
28-Mar-07	CAIRN	3/29/2007	CA	15000	100.02	31,625
28-Mar-07	MRPL	3/29/2007	PA	71200	100	139,730
28-Mar-07	ORCHIDCHEM	3/29/2007	CA	10500	45.5	34,650
28-Mar-07	VIJAYABANK	3/29/2007	CA	82800	92.28	131,100
29-Mar-07	MCDOWELL-N	3/29/2007	CA	4000	100	17,913
29-Mar-07	ORCHIDCHEM	3/29/2007	CA	10500	90.9	40,950
29-Mar-07	BATAINDIA	3/29/2007	PA	16800	100	49,770
29-Mar-07	MATRIXLABS	3/29/2007	PA	15000	99.97	67,375
29-Mar-07	GDL	3/29/2007	CA	10000	100	33,800
29-Mar-07	JSWSTEEL	3/29/2007	CA	6600	99.99	39,490
29-Mar-07	CORPBANK	3/29/2007	CA	9600	36.38	39,600
						19,86,670

It is noted from the above table that the broker has transacted in as many as 23 options contracts (both call and put) in the month of March 2007. It is further observed that gross traded quantity by the broker is usually a significant percentage (more than 90%) of market gross quantity on that date.

2. 8.2 **CPR Capital Services Ltd.**

The total close out difference is Rs. 54.49 lakhs across 43 reversals done during the period January to March 2007. Illustrative transactions are given below

Transactions in BEML stock futures (39135BEML39198) carried out on 22/2/07 for expiry on 26/4/07 – COD Rs 310000

Trade Time (hh:mm:ss)	Trade Price Rs	Cash Seg Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Buy Client Name	Sell Client Name
12:50:02	1,148.00	1,166.95	5,000.00	47.62	5,740,000	Gaurav verma	Suresh bharrat
12:54:54	1,210.00	1,165.00	5,000.00	47.62	6,050,000	Suresh bharrat	Gaurav verma
Total			10,000.00	95.24	11,790,000		

From the above table, it may be observed that broker CPR Capital Services has dealt on behalf of its clients Gaurav Verma and Suresh Bharrat. The broker has initially entered into a buy transaction for 5000 stock futures @Rs. 1148 for his client Gaurav Verma and sale transaction for client Suresh Bharrat at 12:50:02 hrs and after 4 min & 52 seconds i.e. 12:54:54 hrs, the broker has reversed the positions (closed out their respective positions) @ a price Rs 1210. The close out difference is Rs 310000 (Rs 1210 less Rs 1148 times 5000 # of Stock futures).

It is also pertinent to note that there was no significant change in the price of underlying when both the transactions were undertaken and it remained at level of Rs 1165-1166.95. It was also observed that these transactions constitute 95.24% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the broker for other clients during the period are summarised below

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
11-Jan-07	KTKBANK (140)	25-Jan-07	PA	5000	100.00	29000
11-Jan-07	KTKBANK (150)	25-Jan-07	PA	5000	100.00	25000
31-Jan-07	MCDOWELL-N	29-Mar-07	FF	7000	31.82	87500
29-Jan-07	SOBHA	29-Mar-07	FF	16800	100.00	281610
22-Jan-07	IFCI	29-Mar-07	FF	63000	50.00	47250
23-Jan-07	SUZLON	29-Mar-07	FF	6800	42.84	116010
31-Jan-07	WOCKPHARMA	29-Mar-07	FF	24000	47.60	179400
22-Jan-07	LT	29-Mar-07	FF	4000	76.92	101500
25-Jan-07	GMRINFRA	29-Mar-07	FF	20000	60.60	73500
23-Jan-07	TCS	29-Mar-07	FF	1500	66.66	17813
25-Jan-07	ESSAROIL	29-Mar-07	FF	90400	15.54	194360
22-Jan-07	IDBI	29-Mar-07	FF	38400	72.72	90240
25-Jan-07	INDIACEM	29-Mar-07	FF	23200	72.72	43500
25-Jan-07	IOB	29-Mar-07	FF	59000	83.33	85550
25-Jan-07	POLARIS	29-Mar-07	FF	22400	88.88	93520
25-Jan-07	TVSMOTOR	29-Mar-07	FF	47200	59.20	29500
24-Jan-07	VIJAYABANK	29-Mar-07	FF	27600	80.00	15180
31-Jan-07	PATNI	3/29/2007	FF	10400	25.00	115180
20-Feb-07	ACC	4/26/2007	FF	15000	95.24	397500
5-Feb-07	BEML	3/29/2007	FF	10000	57.14	95000
22-Feb-07	BEML	4/26/2007	FF	10000	95.24	310000

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
26-Feb-07	BOMDYEING	4/26/2007	FF	24000	57.56	414000
7-Feb-07	CORPBANK	3/29/2007	FF	38400	50.00	192000
1-Feb-07	CROMPGREAV	3/29/2007	FF	18000	20.68	105300
19-Feb-07	INDHOTEL	4/26/2007	FF	28000	88.88	101500
21-Feb-07	JINDALSTEL	4/26/2007	FF	12000	70.56	742000
23-Feb-07	MCDOWELL-N	4/26/2007	FF	5000	90.90	97500
22-Feb-07	PUNJLLOYD	4/26/2007	FF	6000	68.96	69000
19-Feb-07	SUZLON	4/26/2007	FF	4000	76.92	64000
7-Mar-07	AUOPHARMA	4/26/2007	FF	7000	68.96	147000
6-Mar-07	BOMDYEING	4/26/2007	FF	6000	24.70	126000
5-Mar-07	BOMDYEING	4/26/2007	FF	6000	24.40	105000
9-Mar-07	PUNJLLOYD	4/26/2007	FF	6000	71.42	177000
15-Mar-07	I-FLEX	4/26/2007	FF	6000	48.20	144000
6-Mar-07	ABAN	4/26/2007	FF	12000	56.60	537000
						5449412.50

It is seen from the above table that the broker has transacted in 2 options contracts and 29 stock futures' contracts during the period January to March 2007. It is also noted that gross traded quantity by the broker is usually a significant percentage (more than 90%) of market gross quantity on that date.

2.8.3 SMC Global Securities Ltd

The total close out difference is Rs. 73.35 lakhs across 26 reversals during the period January to March 2007. All the above transactions were done on behalf of clients. Illustrative transactions are given below

Transactions in PNB Ltd – stock futures (39148PNB39233FF0) carried out on 7/3/2007 for expiry on 31/5/2007 – COD Rs 46200

Trade Time (hh:mm:ss)	Trade Price Rs	Cash Seg Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Buy Client Name	Sell Client Name
14:05:30	391	423.45	600	50	234,600.00	Daga Indra Kumar	Mall Shiw Narayan
14:05:39	468	423	600	50	280,800.00	Mall Shiw Narayan	Daga Indra kumar
		Total	1200	100	515,400.00		

From the above table it may be noted that broker SMC Global Securities has dealt on behalf of its clients Daga Indra Kumar and Mall Shiw Narayan. The broker has initially entered into a buy transaction for 600 stock futures @Rs. 391 for his client Daga Indra Kumar and sale transaction for client Mall Shiw Narayan at 14:05:30 hrs and after only 9 seconds i.e. 14:05:39 hrs , the broker has reversed the positions (closed out their

respective positions) @ a price Rs 468. The close out difference is Rs 46200 (Rs 468 less Rs 391 times 600 # of Stock futures).

It is also pertinent to note that there was no significant change in the price of underlying when both the transactions were undertaken and it remained at levels of Rs 423-423.45. It was also seen that these transactions constituted 100% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the broker for other clients during the period are summarised below

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
5-Jan-07	IDBI	25-Jan-07	CA	9600	50.00	76800
17-Jan-07	ULTRACEMCO	29-Mar-07	FF	8000	90.90	232000
31-Jan-07	IOC	29-Mar-07	FF	24000	95.24	396000
23-Jan-07	SOBHA	29-Mar-07	FF	5600	100.00	249200
23-Jan-07	SUNPHARMA	29-Mar-07	FF	6300	100.00	292950
31-Jan-07	WOCKPHARMA	29-Mar-07	FF	24000	47.62	360000
22-Jan-07	STAR	29-Mar-07	FF	17000	100.00	586500
31-Jan-07	PATNI	3/29/2007	FF	15600	37.50	416000
26-Mar-07	TATAPOWER	5/31/2007	FF	800	50.00	28000
7-Mar-07	PNB	5/31/2007	FF	1200	100.00	46200
26-Mar-07	COLGATE	5/31/2007	FF	2100	50.00	73500
26-Mar-07	IOC	5/31/2007	FF	2400	33.34	120000
5-Feb-07	BEML	3/29/2007	FF	7500	42.86	335250
5-Feb-07	FEDERALBNK	3/29/2007	FF	39000	83.34	526500
6-Feb-07	GUJALKALI	3/29/2007	FF	84000	85.72	409500
6-Feb-07	HTMT	3/29/2007	FF	24000	23.96	528000
20-Feb-07	HTMT	4/26/2007	FF	6000	100.00	233400
21-Feb-07	JINDALSTEL	4/26/2007	FF	5000	29.40	512500
1-Feb-07	LUPIN	3/29/2007	FF	7000	33.34	105000
21-Feb-07	TATAPOWER	4/26/2007	FF	32000	100.00	1008000
19-Feb-07	TITAN	4/26/2007	FF	5754	100.00	215775
20-Feb-07	ULTRACEMCO	4/26/2007	FF	12000	100.00	498000
6-Feb-07	IDBI	3/29/2007	CA	38400	100.00	86640
						7335715

It is seen from the above table that the broker has transacted in 2 options contracts and 21 stock futures' contracts during the period January to March 2007. It is also noted that gross traded quantity by the broker is usually a significant percentage (more than 50%) of market gross quantity.

2.8.4 Khandwala Integrated Financial Services Ltd (KMPL).

The total close out difference is Rs 100.48 lakhs across 18 reversals done during the period January to March 2007. All the above transactions were done on behalf of clients. Illustrative transactions are given below

Transactions in Ultra Cement Company Ltd – stock futures carried out on 23/1/07 for expiry on 29/3/2007 – COD Rs 1030000

Trade Time (hh:mm:ss)	Trade Price Rs	Cash Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Buy Client Name	Sell Client Name
11:52:34	1158.00	1062.85	10000	50.00	11580000	Shah Chirag Kirtikumar	Jaykumar Kamleshkumar Shah
15:10:36	1055.00	1061.00	10000	50.00	10550000	Jaykumar Kamleshkumar Shah	Shah Chirag kirtikumar
	Total		20000	100			

From the above table it may be noted that broker Khandwala Integrated Finance has dealt on behalf of its clients Shah Chirag Kirtikumar and Jaykumar Kamlesh Kumar Shah. The broker has initially entered into a buy transaction for 10000 stock futures @Rs. 1158 for his client Shah Chirag Kirtikumar and sale transaction for client Jaykumar Kamleshkumar Shah at 11:52:34 hrs. Thereafter, at 15:10:36 hrs, the broker has reversed the positions (closed out their respective positions) @ a price Rs 1055. The close out difference is Rs 1030000 (Rs 1158 less Rs 1055 times 10000 # of Stock futures).

It is also pertinent to note that there was no significant change in the price of underlying when both the transactions were undertaken and it remained at Rs 1061-1062.85. It was also seen that these transactions constituted 100% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the broker for other clients during the period are summarised below

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
23-Jan-07	SUZLON	29-Mar-07	FF	12800.00	65.3	716800.00
16-Jan-07	GUJAMBCEM	29-Mar-07	FF	4124.00	50.00	22991.30
31-Jan-07	AMTEKAUTO	29-Mar-07	FF	48000.00	98.76	624000.00
23-Jan-07	ULTRACEMCO	29-Mar-07	FF	20000.00	100.00	1030000.00
1-Feb-07	AUOPHARMA	3/29/2007	FF	28,000.00	97.56	686000.00
2-Feb-07	BOMDYEING	3/29/2007	FF	6,000.00	52.64	117000.00
1-Feb-07	CROMPGREAV	3/29/2007	FF	54,000.00	62.06	648000.00
6-Feb-07	HTMT	3/29/2007	FF	42,000.00	41.92	1785000.00
21-Mar-07	AMTEKAUTO	4/26/2007	FF	12,000.00	27.78	42,600.00
9-Mar-07	PATNI	4/26/2007	FF	45,500.00	77.78	728,000.00
9-Mar-07	FEDERALBNK	4/26/2007	FF	26,000.00	47.62	468,000.00
9-Mar-07	ALOKTEXT	4/26/2007	FF	40200	37.50	48240
9-Mar-07	AUOPHARMA	4/26/2007	FF	28000	50.00	840000
7-Mar-07	CESC	4/26/2007	FF	66000	42.86	1122000
8-Mar-07	CUMMINSIND	4/26/2007	FF	57000	50.00	555750
6-Mar-07	HINDPETRO	4/26/2007	FF	26000	47.62	87750

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
30-Mar-07	IPCL	5/31/2007	FF	41800	32.20	179740
14-Mar-07	NICOLASPIR	4/26/2007	FF	41800	40.00	346940
						10048811.30

It is seen from the above table that the broker has transacted in 18 stock futures' contracts during the period January to March 2007. It is also noted that gross traded quantity by the broker is usually a significant percentage (more than 50%) of market gross quantity.

2.8.5 Shilpa Stock Brokers Pvt. Ltd.

The total close out difference is Rs 45.09 lakhs across 16 reversals done during the period January to March 2007. All the above transactions were done on behalf of clients. Illustrative transactions are given below

Transactions in Bongaigoan Refineries (39163BONGAIREFN39233FF0) stock futures carried out on 22/3/07 for expiry on 31/5/2007 – COD Rs 74,250

Trade Time (hh:mm:ss)	Trade Price Rs	Cash Seg Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Buy Client Name	Sell Client Name
13:04:44	41.1	42.15	22,500	29.41	924,750	Neha s patni	P k s holdings
14:09:33	44.4	42.1	22,500	29.41	999,000	P k s holdings	Neha s patni
	Total		45,000	58.82			

From the above table it may be observed that broker has dealt on behalf of its clients Neha S Patni and P K S Holdings. The broker has initially entered into a buy transaction for 22500 stock futures @Rs. 41.1 for his client Neha s Patni and sale transaction for client P k s holdings at 13:04:44 hrs. Thereafter, at 14:09:33 hrs, the broker has reversed the positions (closed out their respective positions) @ a price Rs 44.4. The close out difference is Rs 74250 (Rs 44.4 less Rs 41.1 times 22500 # of Stock futures).

It is also pertinent to note that there was no significant change in the price of underlying when both the transactions were undertaken and it remained at Rs 42.15-42.1. It was also seen that these transactions constituted 58.82% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the broker for other clients during the period are summarised below

Trade Date	Buy Symbol	Buy Expiry Date	Buy Option Type	Trade Quantity	% to Market Gross	CLOSE OUT DIFFERENCE
23-Mar-07	ALBK	5/31/2007	FF	29,400.00	26.08	71,295
16-Mar-07	AMTEKAUTO	4/26/2007	FF	12,000.00	39.22	49,800
28-Mar-07	BEML	5/31/2007	FF	10,000.00	25.98	169,250
12-Mar-07	CESC	4/26/2007	FF	22,000.00	37.72	103,730
22-Mar-07	BONGAIREFN	5/31/2007	FF	45,000.00	29.41	74,250
22-Mar-07	ULTRACEMCO	5/31/2007	FF	8,000.00	43.96	116,000
12-Mar-07	PATNI	4/26/2007	FF	13,000.00	28.58	2,030,242
30-Mar-07	GDL	5/31/2007	FF	20,000.00	29.41	42,500
20-Mar-07	ANDHRABANK	4/26/2007	FF	46000	33.33	72450
22-Mar-07	BATAINDIA	5/31/2007	FF	21000	50.00	101850
19-Mar-07	CORPBANK	4/26/2007	FF	24000	27.78	82800
21-Mar-07	CORPBANK	5/31/2007	FF	30000	32.05	1278300
22-Mar-07	FEDERALBNK	4/26/2007	FF	26000	30.30	79300
13-Mar-07	GUJALKALI	4/26/2007	FF	28000	43.48	67900
20-Mar-07	INDIANB	4/26/2007	FF	44000	40.00	68200
20-Mar-07	TRIVENI	4/26/2007	FF	77000	31.25	102025
						4,509,892

It is seen from the above table that the broker has transacted in 16 stock futures' contracts during the period January to March 2007. It is also seen that gross traded quantity by the broker is usually a significant percentage (more than 30%) of market gross quantity.

2.9 Findings with respect to brokers who were seen to have been transacting on one side i.e., with different counter party brokers:

As indicated, earlier it was also observed that transactions were carried out where the counterparty brokers are different. Details of brokers who have undertaken such transactions during the period January to March 2007 resulting in COD in excess of Rs 25 lakhs or those who had undertaken more than 20 reversal transactions is given below:

No	Broker	Jan		Feb		March		Total	
		COD	NR	COD	NR	COD	NR	COD	NR
1.	Ashika Stock Broking Limited	2.24	5	38.43	23	114.31	45	154.98	73
2.	Vibrant Securities Pvt. Ltd.			14.8	29	143.76	37	158.56	66
3.	Systematix Shares & Stk (India) Ltd			14.8	29	29.05	33	43.85	62
4.	Angel Capital & Debt Market Lt					33.6	56	33.6	56
5.	Steel City Securities Ltd					25.71	42	25.71	42
6.	Indiabulls Securities Ltd.	6.91	3	2.18	3	26.34	17	35.43	23
7.	Prashant Jayantilal Patel					118.58	19	118.58	19
8.	Psj Securities P td.			0.76	2	44.59	14	45.35	16
9.	Manu Stock Broking (P) Ltd			33.7	7	63.75	7	97.45	14
10.	Pratibhuti Vinihit Ltd.					39.27	10	39.27	10

No	Broker	Jan		Feb		March		Total	
		COD	NR	COD	NR	COD	NR	COD	NR
	Total	9.15	8	104.67	93	638.96	280	752.78	381

The total COD across 10 brokers is Rs. 752.78 and has witnessed a sharp increase over the months January to March 2007. This trend may continue if unchecked. It is noted from the above that stock Broker - Ashika Stock Broking Limited has undertaken 73 reversals across the period resulting in an aggregate close out difference of Rs 154.98 lakhs. The total COD across 10 brokers is Rs 752.78 lakhs. These reversals were seen to have been carried out across the F & O segment and mostly in stock futures, stock options and index options.

2.10 Similarly, broker - Vibrant Securities Pvt. Ltd has undertaken 66 reversals across the period resulting in an aggregate close out difference of Rs 158.56 lakhs. Broker - Systematix Shares & Stk (India) Ltd has undertaken 62 reversals across the period resulting in an aggregate close out difference of Rs 43.85 lakhs. Broker – Angel Capital And Debt Market Limited has undertaken 56 reversal transactions in the month of March 2007 resulting in an aggregate close out difference of Rs 33.6 lakhs. Broker - Steel City Securities Ltd has undertaken 42 reversals across the period resulting in an aggregate close out difference of Rs 25.71 lakhs. Broker - Indiabulls Securities Ltd has undertaken 23 reversals across the period resulting in an aggregate close out difference of Rs 35.43 lakhs. Broker - Prashant Jayantilal Patel has undertaken 19 reversals across the period resulting in an aggregate close out difference of Rs 118.58 lakhs. Broker - PSJ Securities Pvt. Ltd has undertaken 16 reversals across the period resulting in an aggregate close out difference of Rs 45.35 lakhs. Broker - Manu Stock Broking (P) Ltd. has undertaken 14 reversals across the period resulting in an aggregate close out difference of Rs 97.45 lakhs. Broker - Pratibhuti Vinihit Ltd. has undertaken 10 reversals across the period resulting in an aggregate close out difference of Rs 39.27 lakhs.

2.11 It has further been brought out that such close out /reversal transaction comprised as high as 50% of the market volume and on many occasions, it even comprised 100% of the total market volume in the market segment in the particular instrument for the day. Transactions were carried out in options in a large number of scrips across the market. Transactions were also seen to have been carried out mostly in illiquid options, i.e. options where transactions of few identified brokers made up almost the entire trading volume. Similar pattern was observed in stock futures and index options as well. For the purpose of explanations, illustrative reversal transactions undertaken by the above brokers during the entire period which comprised significant percentage (50% to 100%) of the market volume during a very short span of time are given below

2.11.1 Ashika Stock Broking Ltd and Manu Stock Brokers Ltd

Ashika Stock Broking Limited (dealing in Stock Options) has undertaken 73 reversals across the period resulting in an aggregate close out difference of Rs 154.98 lakhs. Further,

Manu Stock Broking (P) Ltd. has undertaken 14 reversals across the period resulting in an aggregate close out difference of Rs 97.45 lakhs.

Illustrative Transactions by Ashika and Manu Stock broking in Triveni Engineering Stock Futures (39143TRIVENI39198FF0) executed on 2/3/07 for expiry on 26/4/07 – COD Rs 587,125

Trade Time (hh:mm:ss)	Trade Price Rs	Cash Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Buy broker Name	Sell broker Name	Buy Client Name	Sell Client Name
13:22:49	44.25	45.05	192,500	24.27	8,518,125	Manu Stock Broking (P) Ltd	Ashika Stock Broking Limited	Manu Vyapar Pvt. Ltd.	Amit Business Ltd
13:23:24	47.3	45	192,500	24.27	9,105,250	Ashika Stock Broking Limited	Manu Stock Broking (P) Ltd	Amit Business Ltd	Manu Vyapar Pvt. Ltd.
			385,000.00	48.54	17,623,375				

From the above table, it may be observed that the buying broker – Manu Stock Broking has dealt on behalf of its clients M/s Manu Vyapar. The broker has entered into a buy transaction for 192500 stock futures @Rs. 44.25 for his client at 13:22:49 hrs. The selling broker is Ashika Stock Broking Limited who is selling for client Amit Business Ltd. Immediately after 35 seconds i.e. at 13:23:24 hrs, the transactions are reversed with the same counterparty broker /client for the same quantity but for a price of Rs 47.3. The close out difference is Rs 587,125 (Rs 47.3 less Rs 44.25 times 192500 # of futures).

It is also pertinent to note that there was no change in the price of underlying when both the transactions were undertaken and it remained at Rs 45-45.05. It was also seen that these transactions constituted 48.54% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the brokers for other clients during the period are summarised below

Summary of transactions of Ashika Stock Brokers

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
22-Jan-07	BANKINDIA	22-Feb-07	CA	15200	50.00	74480
22-Jan-07	IDFC	25-Jan-07	CA	11800	50.00	64900
22-Jan-07	NDTV	25-Jan-07	CA	8800	75.00	44000
23-Jan-07	RANBAXY	29-Mar-07	FF	3200	50.00	40880
27-Feb-07	RENUKA	4/26/2007	FF	50000	47.62	500000
27-Feb-07	SRF	4/26/2007	FF	750000	50.00	2317500
6-Feb-07	ESCORTS	2/22/2007	CA	19200	50.00	182400

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
9-Feb-07	ESCORTS	2/22/2007	CA	19200	50.00	80640
6-Feb-07	NAGARFERT	3/29/2007	CA	56000	50.00	42000
8-Feb-07	TTML	2/22/2007	CA	83600	44.44	50160
15-Feb-07	IDBI	2/22/2007	PA	9600	33.34	43200
15-Feb-07	IDFC	2/22/2007	PA	11800	50.00	47200
22-Feb-07	ESCORTS	2/22/2007	CA	9600	33.34	37920
23-Feb-07	ESCORTS	3/29/2007	CA	19200	36.37	57600
23-Feb-07	GRASIM	3/29/2007	CA	21000	49.20	379400
27-Feb-07	BANKINDIA	3/29/2007	PA	38000	50.00	105450
2-Mar-07	ESCORTS	3/29/2007	CA	19200	50.00	67200
8-Mar-07	GNFC	3/29/2007	PA	5900	50.00	16668
8-Mar-07	ICICIBANK	3/29/2007	PA	7000	50.00	42000
9-Mar-07	ARVINDMILL	3/29/2007	PA	43000	50.00	62350
12-Mar-07	ARVINDMILL	3/29/2007	PA	86000	50.00	133300
12-Mar-07	GNFC	3/29/2007	PA	5900	50.00	21683
12-Mar-07	NEYVELILIG	3/29/2007	CA	59000	50.00	97350
13-Mar-07	POLARIS	3/29/2007	CA	28000	50.00	98000
22-Mar-07	ARVINDMILL	3/29/2007	PA	8600	50.00	16555
30-Mar-07	TCS	4/26/2007	CA	5000	38.45	156000
30-Mar-07	I-FLEX	4/26/2007	CA	1800	50.00	89100
30-Mar-07	ESCORTS	4/26/2007	CA	48000	50.00	160080
28-Mar-07	ESCORTS	4/26/2007	CA	48000	50.00	137760
29-Mar-07	ESCORTS	4/26/2007	CA	38400	50.01	62400
14-Mar-07	ANDHRABANK	4/26/2007	FF	138000	42.86	89700
2-Mar-07	TRIVENI	4/26/2007	FF	385000	48.54	587125
2-Mar-07	ALBK	4/26/2007	FF	980000	49.88	967750
8-Mar-07	ALBK	4/26/2007	FF	49000	50.00	94325
9-Mar-07	ALBK	4/26/2007	FF	98000	34.48	176400
14-Mar-07	ALBK	4/26/2007	FF	98000	47.62	176400
8-Mar-07	BATAINDIA	4/26/2007	FF	42000	37.74	189000
9-Mar-07	BONGAIREFN	4/26/2007	FF	90000	35.71	58500
2-Mar-07	CHAMBLFERT	4/26/2007	FF	552000	48.78	469200
9-Mar-07	CHAMBLFERT	4/26/2007	FF	138000	35.71	169050
2-Mar-07	CORPBANK	4/26/2007	FF	240000	43.67	2640000
8-Mar-07	ESSAROIL	4/26/2007	FF	45200	30.77	31640
14-Mar-07	ESSAROIL	4/26/2007	FF	113000	47.62	70625
2-Mar-07	GDL	4/26/2007	FF	200000	45.05	645000
12-Mar-07	GNFC	4/26/2007	FF	118000	35.09	91450
8-Mar-07	GUJALKALI	4/26/2007	FF	56000	33.33	99400
12-Mar-07	INDIANB	4/26/2007	FF	88000	40.00	220000
2-Mar-07	IOB	4/26/2007	FF	236000	48.19	436600
2-Mar-07	JSTAINLESS	4/26/2007	FF	40000	34.48	115000
2-Mar-07	KTKBANK	4/26/2007	FF	250000	45.45	550000
2-Mar-07	MRPL	4/26/2007	FF	534000	34.09	320400
2-Mar-07	MRPL	4/26/2007	FF	35600	33.33	23140
2-Mar-07	NAGARFERT	4/26/2007	FF	560000	35.09	168000
2-Mar-07	NICOLASPIR	4/26/2007	FF	104500	50.00	1196525
14-Mar-07	SCI	4/26/2007	FF	160000	33.33	252000
12-Mar-07	SYNDIBANK	4/26/2007	FF	152000	47.62	212800
12-Mar-07	TRIVENI	4/26/2007	FF	154000	45.45	161700
14-Mar-07	TVSMOTOR	3/29/2007	PA	29500	33.33	59000
						15498906

It is seen from the above table that the broker has transacted in 43 options /futures during the period January to March 2007. It is also noted that gross traded quantity by the broker is usually a significant percentage (more than 50%) of market gross quantity.

Summary of transactions of Manu Stock Broking

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
27-Feb-07	PATNI	4/26/2007	FF	13,000.00	16.66	552500
27-Feb-07	RENUKA	4/26/2007	FF	50,000	47.62	500000
27-Feb-07	SRF	4/26/2007	FF	750,000	50.00	2317500
2-Mar-07	TRIVENI	4/26/2007	FF	385,000	48.54	587,125
2-Mar-07	CORPBANK	4/26/2007	FF	240000	43.67	2640000
2-Mar-07	GDL	4/26/2007	FF	200000	45.05	645000
2-Mar-07	IOB	4/26/2007	FF	236000	48.19	436600
2-Mar-07	KTKBANK	4/26/2007	FF	250000	45.45	550000
2-Mar-07	MRPL	4/26/2007	FF	534000	34.09	320400
2-Mar-07	NICOLASPIR	4/26/2007	FF	104500	50.00	1196525
						9745650

It is seen from the above table that the broker has transacted in 10 stock futures' contracts during the period February to March 2007. It is also noted that gross traded quantity by the broker is usually a significant percentage (around 50%) of market gross quantity on that date.

2.11.2 Vibrant Securities Pvt. Ltd. and Systematix Shares And Stocks (India) Limited : For broker – Vibrant Securities, the total close out difference is Rs. 158.56 lakhs across 66 reversal done during month of February 2007 and March 2007. For broker – Systematix Shares, the total close out difference is Rs.43.85 lakhs across 62 reversals done.

Illustrative Transactions by brokers – Vibrant and Systematix in GDL Call Options (39142GDL39170CA160) executed on 1/3/07 for expiry on 29/3/07 - COD Rs 115000

Buy Strik e Price	Trad e Time (hh:mm:ss)	Trade Price Rs	Cash Seg Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Buy Broker	Selling brokers	Buy Client Name	Sell Client
160	12:24:20	17	163.3	10000	44.25	17000	Vibrant Securities Pvt. Ltd.	Systematix Shares And Stocks	M/S. Lila Bros.	Kashinat h R Pednekar Huf
160	13:10:06	5.5	162.9	10000	44.25	55000	Systemati x Shares & Stocks	Vibrant Securiti es Pvt. Ltd.	Kashinat h R Pedneka r Huf	M/S. Lila Bros.

		Total	20000	88.5	72000				
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From the above table, it may be observed that the broker – Vibrant has dealt on behalf of its clients M/s. Lila Bros. The broker has entered into a buy transaction for 10000 options @Rs. 15 for his client at 12: 24: 20 hrs. The selling broker is M/s Systematix who is selling for client Kashinath Pednekar- HUF. Thereafter at 13:10:06 hrs, the transactions are reversed with the same counterparty broker /client for the same quantity but for a price of Rs 5.5. The close out difference is Rs 115000 (Rs 17 less Rs 5.5 times 10000 # of options).

It is also pertinent to note that there was no change in the price of underlying when both the transactions were undertaken and it remained at Rs 162.9-163.3. It was also seen that these transactions constituted 88.5% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the brokers for other clients during the period are summarised below

Summary of transactions of Broker Vibrant Securities Ltd.

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
1-Feb-07	GESHIP	2/22/2007	CA	24,000	50.00	90,000
7-Feb-07	GESHIP	2/22/2007	CA	24,000	50.00	74,400
12-Feb-07	GESHIP	2/22/2007	CA	24,000	50.00	138,000
12-Feb-07	HCC	2/22/2007	CA	16,800	50.00	44,100
7-Feb-07	GDL	2/22/2007	CA	32,000	50.00	144,000
8-Feb-07	MATRIXLABS	2/22/2007	CA	15,000	28.56	37,500
19-Feb-07	GDL	2/22/2007	CA	14,000	50.00	52,500
20-Feb-07	CENTURYTEX	2/22/2007	CA	15,300	47.34	206,550
20-Feb-07	GESHIP	2/22/2007	CA	24,000	50.00	66,000
28-Feb-07	HCC	3/29/2007	CA	50,400	31.02	277,200
21-Feb-07	GESHIP	2/22/2007	CA	43,200	36.40	283,500
27-Feb-07	GESHIP	3/29/2007	CA	14,400	50.00	75,600
1-Mar-07	GDL	3/29/2007	CA	20,000	88.50	115,000
1-Mar-07	HCC	3/29/2007	CA	28,000	47.62	129,500
2-Mar-07	GESHIP	3/29/2007	CA	24,000	100.00	120,000
5-Mar-07	GDL	3/29/2007	CA	18,000	50.00	94,500
5-Mar-07	MATRIXLABS	3/29/2007	CA	10,000	50.00	65,000
6-Mar-07	MATRIXLABS	3/29/2007	CA	20,000	50.00	110,000
6-Mar-07	BATAINDIA	3/29/2007	CA	42,000	50.00	189,000
7-Mar-07	GESHIP	3/29/2007	CA	24,000	50.00	144,000
7-Mar-07	MATRIXLABS	3/29/2007	CA	20,000	50.00	85,000
7-Mar-07	NTPC	3/29/2007	CA	26,000	50.00	123,500
8-Mar-07	HCC	3/29/2007	CA	16,800	50.00	54,600
8-Mar-07	MATRIXLABS	3/29/2007	CA	20,000	100.00	122,500
9-Mar-07	MATRIXLABS	3/29/2007	CA	20,000	50.00	130,000
9-Mar-07	GUJAMBCEM	3/29/2007	CA	24,744	33.34	86,604
12-Mar-07	MATRIXLABS	3/29/2007	CA	30,000	46.16	187,500

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
16-Mar-07	RANBAXY	3/29/2007	CA	32,000	46.52	272,000
21-Mar-07	NIFTY	3/29/2007	PE	20,000	40.82	1,600,000
21-Mar-07	NIFTY	3/29/2007	PE	9,500	49.74	213,750
21-Mar-07	NIFTY	4/26/2007	CE	20,000	49.02	564,000
21-Mar-07	HCC	3/29/2007	CA	14,000	50.00	23,100
22-Mar-07	GTL	3/29/2007	CA	12,000	50.00	39,000
22-Mar-07	NIFTY	3/29/2007	PE	23,400	50.00	1,041,300
30-Mar-07	NIFTY	4/26/2007	CE	17,900	49.58	355,763
13-Mar-07	SESAGOA	5/31/2007	FF	6,000	50.00	465,000
22-Mar-07	NIFTY	4/26/2007	PE	21,000	35.84	892,500
22-Mar-07	NIFTY	3/29/2007	PE	23,000	38.79	1,437,500
22-Mar-07	NIFTY	3/29/2007	PE	23,400	50.00	1,041,300
23-Mar-07	NIFTY	3/29/2007	PE	23,200	30.05	1,542,800
23-Mar-07	NIFTY	4/26/2007	PE	23,000	41.07	828,000
23-Mar-07	NIFTY	4/26/2007	PE	23,200	50.00	835,200
23-Mar-07	NIFTY	3/29/2007	PE	21,000	30.00	567,000
23-Mar-07	NIFTY	3/29/2007	PE	21,400	31.06	556,400
30-Mar-07	NIFTY	4/26/2007	CE	23,800	46.21	345,100
						15,865,767

It is seen from the above that the broker has dealt in 14 stock option and 2 stock futures contract during the months of February and March 2007. Further, brokers' transactions comprised a significant percentage of exchange volume in that contract on that day.

Summary of transactions of Broker – Systematic Corporate Services Ltd.

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
1-Feb-07	GESHIP	2/22/2007	CA	24,000	50.00	90,000
7-Feb-07	GESHIP	2/22/2007	CA	24,000	50.00	74,400
12-Feb-07	GESHIP	2/22/2007	CA	24,000	50.00	138,000
12-Feb-07	HCC	2/22/2007	CA	16,800	50.00	44,100
7-Feb-07	GDL	2/22/2007	CA	32,000	50.00	144,000
8-Feb-07	MATRIXLABS	2/22/2007	CA	15,000	28.56	37,500
19-Feb-07	GDL	2/22/2007	CA	14,000	50.00	52,500
20-Feb-07	CENTURYTEX	2/22/2007	CA	15,300	47.34	206,550
20-Feb-07	GESHIP	2/22/2007	CA	24,000	50.00	66,000
28-Feb-07	HCC	3/29/2007	CA	50,400	31.02	277,200
21-Feb-07	GESHIP	2/22/2007	CA	43,200	36.40	283,500
27-Feb-07	GESHIP	3/29/2007	CA	14,400	50.00	75,600
1-Mar-07	GDL	3/29/2007	CA	20,000	88.50	115,000
1-Mar-07	HCC	3/29/2007	CA	28,000	47.62	129,500
2-Mar-07	GESHIP	3/29/2007	CA	24,000	100.00	60,000
5-Mar-07	GDL	3/29/2007	CA	18,000	50.00	94,500
5-Mar-07	MATRIXLABS	3/29/2007	CA	10,000	50.00	65,000
6-Mar-07	MATRIXLABS	3/29/2007	CA	20,000	50.00	110,000
6-Mar-07	BATAINDIA	3/29/2007	CA	42,000	50.00	189,000
7-Mar-07	CHAMBLFERT	3/29/2007	CA	41,400	50.00	22,770
7-Mar-07	GESHIP	3/29/2007	CA	24,000	50.00	144,000

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
7-Mar-07	INDUSINDBK	3/29/2007	PA	23,100	50.00	25,988
7-Mar-07	MATRIXLABS	3/29/2007	CA	20,000	50.00	85,000
7-Mar-07	NTPC	3/29/2007	CA	26,000	50.00	123,500
8-Mar-07	ALBK	3/29/2007	PA	24,500	50.00	14,088
8-Mar-07	ASHOKLEY	3/29/2007	CA	28,650	50.00	60,881
8-Mar-07	ESCORTS	3/29/2007	CA	24,000	45.46	60,000
8-Mar-07	IDFC	3/29/2007	CA	29,500	50.00	88,500
8-Mar-07	NEYVELILIG	3/29/2007	CA	23,600	50.00	25,370
8-Mar-07	MATRIXLABS	3/29/2007	CA	10,000	50.00	61,250
8-Mar-07	INDUSINDBK	3/29/2007	CA	30,800	50.00	50,050
8-Mar-07	MATRIXLABS	3/29/2007	CA	10,000	50.00	61,250
9-Mar-07	MATRIXLABS	3/29/2007	CA	20,000	50.00	130,000
9-Mar-07	GUJAMBCEM	3/29/2007	CA	24,744	33.34	86,604
12-Mar-07	MATRIXLABS	3/29/2007	CA	30,000	46.16	187,500
13-Mar-07	CHAMBLFERT	3/29/2007	CA	41,400	50.00	18,630
13-Mar-07	IFCI	3/29/2007	CA	47,250	33.34	47,250
16-Mar-07	RANBAXY	3/29/2007	CA	32,000	46.52	272,000
19-Mar-07	VIJAYABANK	3/29/2007	CA	41,400	50.00	57,960
26-Mar-07	NAGARFERT	3/29/2007	CA	56,000	50.00	58,800
13-Mar-07	SESAGOA	5/31/2007	FF	6,000	50.00	465,000
						4,398,741

It is seen from the above table that the broker has transacted in 1 stock futures' contracts and 21 stock options during the period January to March 2007. It is also noted that gross traded quantity by the broker is usually a significant percentage (more than 50%) of market gross quantity.

2.11.3 Angel Capital And Debt Market Limited and Steel City Securities Ltd

For broker – Angel, the total close out difference is Rs. 33.6 lakhs done during the month of March 2007 across 56 reversals done. Broker – Steel City Securities Ltd. has undertaken a total of 42 reversals across the period resulting in an aggregate close out difference of Rs 25.71 lakhs.

Illustrative Transactions by Angel and Steel City in HPCL call options (39171HINDPETRO39198CA240) executed on 30/3/07 for expiry on 26/4/07 – COD Rs 139100

Trade Time (hh:mm:ss)	Trade Price Rs	Cash Seg Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Buy Broker	Selling brokers	Buy Client Name	Sell Client
11:20:58	24.9	248.8	13000	25	323,700	Angel Capital and Debt Market Limited	Steel City Securities Ltd	Subham Developers	Hari Prasad Rathi
14:40:39	14.2	245.8	13000	25	184,600	Steel City Securities	Angel Capital	Hari Prasad	Subham Developers

						Ltd	and Debt Market Limited	Rathi	rs
	Total	26000	50	508,300					

From the above table it may be observed that the broker – Angel has dealt on behalf of its clients Subham developers. The broker has entered into a buy transaction for 13000 options @Rs. 24.9 for his client at 11:20:58 hrs. The selling broker is Steel city Securities Ltd who is selling for client Hari Prasad Rathi. Thereafter at 14:40:39 hrs, the transactions are reversed with the same counterparty broker /client for the same quantity but for a price of Rs 14.2. The close out difference is Rs 139100 (Rs 24.9 less Rs 14.2 times 13000 # of options).

It is also pertinent to note that there was no change in the price of underlying when both the transactions were undertaken and it remained at Rs 245.8-248.8. It was also seen that these transactions constituted 50% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the brokers for other clients during the period and are summarised below

Summary of transactions by Angel Stock Broking

Trade Date	Underlying	Expiry Date	Option Type	Trade Quantity	% to Market Gross	COD
6-Mar-07	BONGAIREFN	3/29/2007	CA	45000	50.00	110250
7-Mar-07	HCC	3/29/2007	CA	28000	50.00	68600
9-Mar-07	NDTV	3/29/2007	CA	6600	85.74	14410
16-Mar-07	IDFC	3/29/2007	CA	5900	40.00	29648
16-Mar-07	BONGAIREFN	3/29/2007	CA	63000	50.00	66150
19-Mar-07	ANDHRABANK	3/29/2007	PA	46000	50.00	57500
19-Mar-07	BONGAIREFN	3/29/2007	PA	45000	50.00	43875
19-Mar-07	CANBK	3/29/2007	CA	32000	50.00	86400
19-Mar-07	UNIONBANK	3/29/2007	PA	42000	50.00	49350
20-Mar-07	VIJAYABANK	3/29/2007	PA	69000	50.00	51750
20-Mar-07	NAGARFERT	5/31/2007	CA	28000	50.00	205100
20-Mar-07	KTKBANK	3/29/2007	CA	25000	50.00	75000
20-Mar-07	CHAMBLFERT	3/29/2007	PA	69000	50.00	51750
20-Mar-07	ALOKTEXT	3/29/2007	PA	67000	50.00	65325
21-Mar-07	TVSMOTOR	3/29/2007	CA	5900	50.00	73750
21-Mar-07	ORCHIDCHEM	3/29/2007	PA	21000	45.46	53550
21-Mar-07	NAGARCONST	3/29/2007	PA	20000	50.00	40000
21-Mar-07	MAHSEAMLES	3/29/2007	CA	24000	50.00	77400
21-Mar-07	IOC	3/29/2007	CA	1200	50.00	44400
23-Mar-07	GRASIM	3/29/2007	CA	1750	50.00	26250
23-Mar-07	DIVISLAB	3/29/2007	CA	2000	50.00	28000
26-Mar-07	SRF	3/29/2007	CA	30000	50.00	46500
26-Mar-07	NAGARCONST	3/29/2007	CA	20000	50.00	48000
26-Mar-07	MATRIXLABS	3/29/2007	CA	25000	50.00	51250
26-Mar-07	INDIANB	3/29/2007	CA	44000	50.00	45100

Trade Date	Underlying	Expiry Date	Option Type	Trade Quantity	% to Market Gross	COD
26-Mar-07	GRASIM	3/29/2007	CA	3500	90.92	86500
26-Mar-07	DIVISLAB	3/29/2007	CA	1000	50.00	55000
30-Mar-07	PUNJLLOYD	4/26/2007	CA	30000	50.00	91500
30-Mar-07	ORCHIDCHEM	4/26/2007	CA	4200	100.00	42000
30-Mar-07	NAGARFERT	5/31/2007	CA	28000	50.00	110250
30-Mar-07	HINDPETRO	4/26/2007	CA	26000	50.00	68600
30-Mar-07	CORPBANK	4/26/2007	CA	12000	85.74	14410
30-Mar-07	CAIRN	4/26/2007	CA	12500	40.00	29648
30-Mar-07	BANKINDIA	4/26/2007	CA	38000	50.00	66150
28-Mar-07	BPCL	3/29/2007	CA	22000	50.00	57500
28-Mar-07	CORPBANK	3/29/2007	CA	24000	50.00	43875
28-Mar-07	CENTURYTEX	3/29/2007	CA	850	50.00	86400
28-Mar-07	JPHYDRO	4/26/2007	CA	25000	50.00	49350
28-Mar-07	IFCI	3/29/2007	CA	15750	50.00	51750
28-Mar-07	PRAJIND	3/29/2007	CA	11000	50.00	205100
29-Mar-07	PRAJIND	3/29/2007	CA	11000	50.00	75000
29-Mar-07	CORPBANK	3/29/2007	CA	12000	50.00	51750
19-Mar-07	BHARATFORG	5/31/2007	FF	2000	50.00	65325
26-Mar-07	CAIRN	5/31/2007	FF	5000	50.00	73750
22-Mar-07	RENUKA	5/31/2007	FF	4000	45.46	53550
15-Mar-07	ORIENTBANK	5/31/2007	FF	9600	50.00	40000
20-Mar-07	GDL	5/31/2007	FF	4000	50.00	77400
15-Mar-07	BANKBARODA	3/29/2007	CA	28000	50.00	44400
30-Mar-07	BPCL	4/26/2007	CA	22000	50.00	26250
23-Mar-07	CIPLA	3/29/2007	CA	25000	50.00	28000
15-Mar-07	NDTV	3/29/2007	CA	22000	50.00	46500
15-Mar-07	SYNDIBANK	3/29/2007	CA	76000	50.00	48000
						3,360,257.50

It is seen from the above that the broker has transacted in 43 stock options (both call as well as put options) during the period. Further, broker's transactions usually comprise significant percentage (more than 90%) of the day's traded volume in that segment.

Summary of transactions by Steel City Securities Ltd

Trade Date	Buy Symbol	Buy Expiry Date	Buy Option Type	Trade Quantity	% to Market Gross	CLOSE OUT DIFFERENCE
1-Mar-07	PRAJIND	3/29/2007	CA	2200	50.00	25300
1-Mar-07	PRAJIND	3/29/2007	CA	2200	50.00	25300
2-Mar-07	UNIONBANK	3/29/2007	CA	16800	50.00	116760
6-Mar-07	BONGAIREFN	3/29/2007	CA	45000	50.00	110250
7-Mar-07	HCC	3/29/2007	CA	28000	50.00	68600
16-Mar-07	BONGAIREFN	3/29/2007	CA	63000	50.00	66150
19-Mar-07	ANDHRABANK	3/29/2007	PA	46000	50.00	57500

19-Mar-07	BONGAIREFN	3/29/2007	PA	45000	50.00	43875
19-Mar-07	CANBK	3/29/2007	CA	32000	50.00	86400
19-Mar-07	UNIONBANK	3/29/2007	PA	42000	50.00	49350
20-Mar-07	VIJAYABANK	3/29/2007	PA	69000	50.00	51750
20-Mar-07	KTKBANK	3/29/2007	CA	25000	50.00	75000
20-Mar-07	CHAMBLFERT	3/29/2007	PA	69000	50.00	51750
20-Mar-07	ALOKTEXT	3/29/2007	PA	67000	50.00	65325
21-Mar-07	ORCHIDCHEM	3/29/2007	PA	21000	45.46	53550
21-Mar-07	NAGARCONST	3/29/2007	PA	20000	50.00	40000
21-Mar-07	MAHSEAMLES	3/29/2007	CA	24000	50.00	77400
23-Mar-07	GRASIM	3/29/2007	CA	1750	50.00	26250
23-Mar-07	DIVISLAB	3/29/2007	CA	2000	50.00	28000
26-Mar-07	SRF	3/29/2007	CA	30000	50.00	46500
26-Mar-07	NAGARCONST	3/29/2007	CA	20000	50.00	48000
26-Mar-07	MATRIXLABS	3/29/2007	CA	25000	50.00	51250
26-Mar-07	INDIANB	3/29/2007	CA	44000	50.00	45100
26-Mar-07	GRASIM	3/29/2007	CA	3500	90.92	54250
26-Mar-07	DIVISLAB	3/29/2007	CA	1000	50.00	55000
30-Mar-07	PUNJLLOYD	4/26/2007	CA	30000	50.00	91500
30-Mar-07	HINDPETRO	4/26/2007	CA	26000	50.00	139100
30-Mar-07	CORPBANK	4/26/2007	CA	12000	31.26	36000
30-Mar-07	CAIRN	4/26/2007	CA	12500	50.00	50000
30-Mar-07	BANKINDIA	4/26/2007	CA	38000	50.00	112100
28-Mar-07	BPCL	3/29/2007	CA	22000	50.00	85800
28-Mar-07	CORPBANK	3/29/2007	CA	24000	41.68	67200
28-Mar-07	PRAJIND	3/29/2007	CA	11000	50.00	55550
29-Mar-07	PRAJIND	3/29/2007	CA	11000	50.00	31900
29-Mar-07	CORPBANK	3/29/2007	CA	12000	50.00	30000
15-Mar-07	BANKBARODA	3/29/2007	CA	28000	35.71	70000
30-Mar-07	BPCL	4/26/2007	CA	22000	41.67	118800
23-Mar-07	CIPLA	3/29/2007	CA	25000	25.64	33750
15-Mar-07	NDTV	3/29/2007	CA	22000	29.41	132000
15-Mar-07	SYNDIBANK	3/29/2007	CA	76000	43.48	66500
						2,538,810

It is seen from the above that the broker has transacted in 29 stock options (both call as well as put options) during the period. Further, broker's transactions usually comprised significant percentage (around 50%) of the day's traded volume in that segment.

2.11.4 Pratibuti Vinihit Ltd. and PSJ Securities

Broker - PSJ Securities Pvt. Ltd. has undertaken 16 reversals across the period resulting in an aggregate close out difference of Rs 45.35 lakhs. Broker - Pratibhuti Vinihit Ltd. has

undertaken 10 reversals across the period resulting in an aggregate close out difference of Rs 39.27 lakhs.

Illustrative Transactions by the brokers for Zee Telefilms Stock Futures (39167ZEEL39233FF0) executed on 26/3/07 due for expiry on 31/5/07 - COD Rs 448000

Trade Time (hh:mm:ss)	Trade Price Rs	Cash Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Buy broker Name	Sell broker Name	Buy Client Name	Sell Client Name
11:41:54	220	238.25	14000	22.73	3080000	Psj Securities Pvt. Ltd.	Pratibhuti Vinihit Ltd.	Tungarli Tradeplace P Ltd	Pratibhuti Vinihit Ltd
11:42:09	252	238.65	14000	22.73	3528000	Pratibhuti Vinihit Ltd.	Psj Securities Pvt. Ltd.	Pratibhuti Vinihit Ltd	Tungarli Tradeplace P Ltd
		Total	28000	45.45	6608000				

From the above table it may be observed that the buying broker – PSJ Securities has dealt on behalf of its clients M/s Tungarli Tradeplace Private Limited. The broker has entered into a buy transaction for 14000 stock futures @Rs. 220 for his client at 11:41:54 hrs. The selling broker is Pratibhuti Vinihit Ltd. who is selling on own account. Immediately after 15 seconds i.e. at 11:42:09 hrs, the transactions are reversed with the same counterparty broker /client for the same quantity but for a price of Rs 252 The close out difference is Rs 448000 (Rs 252 less Rs 220 times 14000 # of futures).

It is also pertinent to note that there was no change in the price of underlying when both the transactions undertaken and it remained at Rs 22.73. It was also observed that these transactions constitute 45.45% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the brokers for other clients during the period are summarised below

Summary of transactions of Broker – Pratibhuti Vinihit Ltd.

Trade Date	Buy Symbol	Buy Expiry Date	Buy Option Type	Trade Quantity	% to Market Gross	CLOSE OUT DIFFERENCE
26-Mar-07	ZEEL	5/31/2007	FF	28,000	45.46	448,000
26-Mar-07	WOCKPHARMA	5/31/2007	FF	24,000	27.02	600,000
23-Mar-07	WOCKPHARMA	5/31/2007	FF	12,000	33.34	150,000
26-Mar-07	STAR	5/31/2007	FF	34,000	31.26	697,000
23-Mar-07	MAHSEAMLES	5/31/2007	FF	24,000	34.48	780,000
23-Mar-07	CHENNPETRO	5/31/2007	FF	36000	27.03	486000
12-Mar-07	FEDERALBNK	4/26/2007	FF	26000	25.00	130000

Trade Date	Buy Symbol	Buy Expiry Date	Buy Option Type	Trade Quantity	% to Market Gross	CLOSE OUT DIFFERENCE
28-Mar-07	JSWSTEEL	5/31/2007	FF	22000	45.45	231000
15-Mar-07	NICOLASPIR	4/26/2007	FF	20900	31.25	167200
23-Mar-07	ZEEL	5/31/2007	FF	28000	40.00	238000
						3,927,200

It is seen from the above that the broker has transacted in 8 stock futures' contracts in the month of March 2007 all due for expiry on 31.5.07. It is also noted that gross traded quantity by the broker is usually a significant percentage (around 30%) of market gross quantity on that date.

Summary of transactions of Broker PSJ Securities

Trade Date	Buy Symbol	Buy Expiry Date	Buy Option Type	Trade Quantity	% to Market Gross	CLOSE OUT DIFFERENCE
26-Mar-07	ZEEL	5/31/2007	FF	28000	45.46	448,000
26-Mar-07	WOCKPHARMA	5/31/2007	FF	24000	27.02	600,000
23-Mar-07	WOCKPHARMA	5/31/2007	FF	12000	33.34	150,000
26-Mar-07	STAR	5/31/2007	FF	34000	31.26	697,000
28-Mar-07	MRPL	5/31/2007	FF	35600	28.58	22,250
23-Mar-07	MAHSEAMLES	5/31/2007	FF	24000	34.48	780,000
26-Mar-07	CIPLA	5/31/2007	FF	10000	40.00	150,000
28-Mar-07	IOC	5/31/2007	FF	12000	26.32	360,000
23-Mar-07	CHENNPETRO	5/31/2007	FF	36000	27.03	486000
12-Mar-07	FEDERALBNK	4/26/2007	FF	26000	25.00	130000
28-Mar-07	JSWSTEEL	5/31/2007	FF	22000	45.45	231000
15-Mar-07	NICOLASPIR	4/26/2007	FF	20900	31.25	167200
23-Mar-07	ZEEL	5/31/2007	FF	28000	40.00	238000
12-Feb-07	CHENNPETRO	3/29/2007	FF	9,000.00	66.66	54000
12-Feb-07	GUJALKALI	3/29/2007	FF	8,400.00	25.00	22680
						45,36,130

It is seen from the above that the broker has transacted in 14 stock futures' contracts during the months of February and March 2007. Contracts were /are due for expiry towards the end of March, April and May 2007. It is also noted that gross traded quantity by the broker is usually a significant percentage (around 30%) of market gross quantity on that date.

2.11.5 Prashant J Patel

Prashant Jayantilal Patel has undertaken 19 reversals across the period resulting in an aggregate close out difference of Rs 118.58 lakhs.

Illustrative Transactions by the broker in Bank of India Call options (39170BANKINDIA39170CA155) executed on 29/3/07 for expiry on 29/3/07- COD Rs 102600

Trade	Trade	Cash Price	Trade	% to	Traded	Buy	Sell broker	Buy Client	Sell Client
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Time (hh:mm:ss)	Price Rs	Rs	Qty	Mkt Gross	Value Rs	broker Name	Name	Name	Name
10:52:35	3	169.7	5,700	50	17,100	Prashant Jayantilal Patel	Prashant Jayantilal Patel	Nikunj Mehta Huf	Nasdaq Securities
11:24:37	21	170.1	5,700	50	119,700	Prashant Jayantilal Patel	Prashant Jayantilal Patel	Nasdaq Securities	Nikunj Mehta Huf
		Total	11,400	100	136,800				

From the above table, it may be observed that the buying broker – P J Patel has dealt on behalf of its clients Nikunj Mehta Huf and Nasdaq Securities. The broker has entered into a buy transaction for 5700 stock options @Rs. 3 for his client -at 10:52:35hrs. The broker is appearing on both sides of the transaction. Thereafter, at 11:24: 37 hrs, broker is reversing the transactions for the same set of clients but for a price of Rs 21 The close out difference is Rs 102600 (Rs 21 less Rs 3 times 5700 # of options).

It is also pertinent to note that there was no change in the price of underlying when both the transactions were undertaken and it remained at Rs 169.7-170.1. It was also seen that these transactions constituted 100% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the brokers for other clients during the period are summarised below

Trade Date	Buy Symbol	Buy Expiry Date	Buy Option Type	Trade Quantity	% to Market Gross	CLOSE OUT DIFFERENCE
20-Mar-07	IFCI	3/29/2007	CA	15,750	66.66	51,187
21-Mar-07	TTML	3/29/2007	CA	20,900	100	73,150
21-Mar-07	NIFTY	3/29/2007	PE	20,000	40.82	1,600,000
21-Mar-07	NIFTY	3/29/2007	PE	9,500	49.74	213,750
21-Mar-07	NIFTY	4/26/2007	CE	20,000	49.02	564,000
21-Mar-07	JSTAINLESS	3/29/2007	CA	160,000	31.5	800,000
22-Mar-07	NIFTY	3/29/2007	PE	23,400	50	1041300
30-Mar-07	NIFTY	4/26/2007	CE	17,900	49.58	355762
28-Mar-07	LICHSGFIN	3/29/2007	CA	10,200	42.86	21,675
28-Mar-07	POLARIS	3/29/2007	CA	8,400	37.5	30,870
29-Mar-07	BANKINDIA	3/29/2007	CA	11,400	100	102600
22-Mar-07	NIFTY	4/26/2007	PE	21000	35.84	892500
22-Mar-07	NIFTY	3/29/2007	PE	23000	38.79	1437500
23-Mar-07	NIFTY	3/29/2007	PE	23200	30.05	1542800
23-Mar-07	NIFTY	4/26/2007	PE	23000	41.07	828000
23-Mar-07	NIFTY	4/26/2007	PE	23200	50.00	835200
23-Mar-07	NIFTY	3/29/2007	PE	21000	30.00	567000
23-Mar-07	NIFTY	3/29/2007	PE	21400	31.06	556400
30-Mar-07	NIFTY	4/26/2007	CE	23800	46.21	345100
						1,18,58,795

It is seen from the above that the broker has transacted in 8 options contracts during the month of March 2007. Further, the transactions usually comprised a significant percentage of the market volume (more than 50%) on that date.

2.11.6 Indiabulls Securities Ltd

Broker - Indiabulls Securities Ltd has undertaken 23 reversals across the period resulting in an aggregate close out difference of Rs 35.43 lakhs

Illustrative Transactions for broker Indiabulls Securities in Bank Nifty futures executed on 29/1/07 due for expiry on 26/4/07- COD Rs 600050

Trade Time (hh:mm:ss)	Trade Price Rs	Cash Price Rs	Trade Qty	% to Mkt Gross	Traded Value Rs	Buy broker Name	Sell broker Name	Buy Client Name	Sell Client Name
10:40:04	6873.60	1090.00	500	25	3436800	Indiabulls Securities Ltd.	Lohia Securities Limited	Sree Rama Chandra	Lohia Securities Ltd-Pro
10:40:21	5673.50	1115.75	500	25	2836750	Lohia Securities Limited	Indiabulls Securities Ltd.	Lohia Securities Ltd-Pro	Sree Rama Chandra
			1000	50	6273550				

From the above table it may be observed that the buying Indiabulls Securities has dealt on behalf of its clients Sree Ram Chandra and entered into a buy transaction for 500 Bank Nifty Futures @Rs. 6873.6 for his client -at 10:40:04 hrs. The selling broker is Lohia Securities trading on self account. Immediately after 17 seconds, i.e. at 10:40: 21 hrs, brokers are reversing the transactions for the same set of clients but for a price of Rs 5673.50. The close out difference is Rs 600050 (Rs 6873.60 less Rs 5673.50 times 500 # of futures).

It is also pertinent to note that there was no significant change in the price of underlying when both the transactions undertaken and it remained at levels Rs 1090-1115.75. It was also noted that these transactions constitute 50% of the market volume in that particular contract at the exchange for the day.

Similar other transactions carried out by the brokers for other clients during the period are summarised below

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
29-Jan-07	BANKNIFTY	26-Apr-07	FF	1000	50.00	600050
23-Jan-07	PNB	25-Jan-07	CA	2400	33.34	12000
22-Jan-07	JETAIRWAYS	29-Mar-07	FF	800	50.00	79760
26-Feb-07	LITL	5/31/2007	FF	1,700	100.00	27200
6-Feb-07	ULTRACEMCO	4/26/2007	FF	3,200	100.00	160000

Trade Date	Symbol	Expiry Date	Option Type	Trade Qty	% to Market Gross	Close out diff
7-Feb-07	VIJAYABANK	4/26/2007	FF	13,800	50.00	31050
16-Mar-07	IDBI	4/26/2007	CA	4800	50.00	21600
21-Mar-07	AMTEKAUTO	5/31/2007	FF	6000	71.42	180000
19-Mar-07	BAJAJAUTO	5/31/2007	FF	1200	100.00	270000
21-Mar-07	BAJAJAUTO	5/31/2007	FF	1200	80.00	210000
19-Mar-07	BHARATFORG	5/31/2007	FF	2000	50.00	48000
16-Mar-07	VSNL	5/31/2007	FF	10500	50.00	207900
22-Mar-07	ULTRACEMCO	5/31/2007	FF	6000	32.96	510000
19-Mar-07	ULTRACEMCO	5/31/2007	FF	5600	100.00	392000
26-Mar-07	TATAPOWER	5/31/2007	FF	800	50.00	28000
20-Mar-07	RENUKA	5/31/2007	FF	2000	100.00	48450
30-Mar-07	RENUKA	6/28/2007	FF	4000	100.00	72000
19-Mar-07	PNB	5/31/2007	FF	1200	100.00	48360
23-Mar-07	JPASSOCIAT	5/31/2007	FF	4200	50.00	178500
19-Mar-07	GESHIP	5/31/2007	FF	2400	100.00	39780
26-Mar-07	COLGATE	5/31/2007	FF	2100	50.00	73500
26-Mar-07	IOC	5/31/2007	FF	2400	33.34	120000
6-Mar-07	CHENNPETRO	4/26/2007	FF	27000	50.00	186300
						35,44,450

It is seen from the above that the broker has transacted in 23 futures /options contracts during the month of March 2007. Further, the transactions usually comprised a significant percentage of the market volume (more than 50%)

- 2.12 The above transactions are only illustrative in nature and there are a series of such similar transactions which were undertaken by the 20 brokers mentioned earlier during the examination period for several clients. As with the illustrative transactions, the other transactions also comprised a major portion of the market volume in that option contract, were reversed within a short time period of each other. In many cases, synchronisation in order entry was also not needed since the contracts were in illiquid options and hence buyer could get desired seller and vice versa and there was no chance of the orders being matched with any other third party. Further, the reversals took place at significant variation (there was huge price difference in the buy order and the subsequent close/out –sale order) to each other with little or no price change in the underlying.

2.13 Client wise analysis

- 2.13.1 Based on the information provided by the exchange, a client level analysis was carried out. For the purpose of preliminary examination, those clients whose closeout difference was Rs 30 Lacs or more during the period were short listed. The details of shortlisted client are given as under:

S. No	Client Name	Client Address	No Of Trade	COD (Rs. Lac)	PAN No.
1.	Kasam	60, Swastik Plaza, 2nd Floor,	54	136.34	AACCK3413C

S. No	Client Name	Client Address	No Of Trade	COD (Rs. Lac)	PAN No.
	Holding Pvt. Ltd	V.L. Mehta Road, Next To Kala Niketan, Juhu, Vileparle (W), Mumbai.			
2.	Rakhi Trading Pvt Ltd	61/62,4th Floor,109,Gaya Bldg,Y M Road,Masjid Bunder (W),Mumbai	14	115.79	AACCR6372B
3.	Manu Vyapar Pvt. Ltd.	21, Hemant Basu Sarani Centre Point Kolkata	12	97.62	AABCM7561Q
4.	Amit Business Ltd	113 N S Road 4th Floor Kolkata	9	71.91	AACCA6091Q
5.	Shah Chirag Kirtikumar	309, Silver Point,New Station Road,Bhuj-Katch	8	67.28	ANXPS3298N
6.	Suresh Bharrat	C-2/7, Janak Puri ,New Delhi	42	53.05	AJFPB5726L
7.	Raj Corporation	B/54,, Pariseema Complex, C.G Road Ahmedabad	6	40.60	ADAPK7045A
8.	Tungarli Tradeplace Private Limited	Bldg No.32,1st Floor,Rajabahadur Mansion, Apollo Street, Fort,	14	39.27	AACCT4504F
9.	TLB Securities Pvt. Ltd.	72-A, Mittal Tower 210,Nariman Point, Mumbai, maharashtra	10	38.69	AACCT1355L
10.	Pratibhuti Vinihit Ltd	15-A, 3rd Floor, 28 Rajabahadur Mansion, Mumbai Samachar Marg, Fort, Mumbai	8	30.96	AAACP6298A
11.	Amar Mukeshbhai Shah	Opp Cloth Market, Tanki Chowk, Surendranagar.	3	30.95	AQEPS9060L

The transactions of the short listed clients are detailed herein under:

a) Transactions of client – Kasam Holding P Ltd. (KHPL)

Trade Date	Symbol	ED	OT	GTQ	% to MG	COD	TM	CTM	CCN
1-Feb-07	GESHIP	2/22/2007	CA	12000	25	90000	VSPL	SSSIL	Archjit Proj Mgm Consult P.Ltd
7-Feb-07	GDL	2/22/2007	CA	8000	12.5	36000	VSPL	SSSIL	Daksha H Parekh
7-Feb-07	GDL	2/22/2007	CA	8000	12.5	36000	VSPL	SSSIL	Anju Khandelwal
8-Feb-07	Matrixlab	2/22/2007	CA	7500	14.28	18750	VSPL	SSSIL	Anju Khandelwal

Trade Date	Symbol	ED	OT	GTQ	% to MG	COD	TM	CTM	CCN
8-Feb-07	Matrixlab	2/22/2007	CA	7500	14.28	18750	VSPL	SSSIL	G.D.Khandelwal
19-Feb-07	GDL	2/22/2007	CA	14000	50	52500	VSPL	SSSIL	Pinky Vijay Shah
20-Feb-07	Centurytex	2/22/2007	CA	5100	15.78	68850	VSPL	SSSIL	Bharti V Parekh
20-Feb-07	Centurytex	2/22/2007	CA	5100	15.78	68850	VSPL	SSSIL	Jinal Rajiv Parekh
20-Feb-07	GESHIP	2/22/2007	CA	12000	25	33000	VSPL	SSSIL	Popatlal J Shah
20-Feb-07	GESHIP	2/22/2007	CA	12000	25	33000	VSPL	SSSIL	Varsha P Shah
28-Feb-07	HCC	3/29/2007	CA	16800	10.34	92400	VSPL	SSSIL	Ashok P Shah
28-Feb-07	HCC	3/29/2007	CA	16800	10.34	92400	VSPL	SSSIL	Bhavana A Shah
28-Feb-07	HCC	3/29/2007	CA	16800	10.34	92400	VSPL	SSSIL	Neena G Shah
21-Feb-07	GESHIP	2/22/2007	CA	10800	9.1	56700	VSPL	SSSIL	Bharti V Parekh
21-Feb-07	GESHIP	2/22/2007	CA	10800	9.1	56700	VSPL	SSSIL	Varsha P Shah
21-Feb-07	GESHIP	2/22/2007	CA	10800	9.1	56700	VSPL	SSSIL	Popatlal J Shah
21-Feb-07	GESHIP	2/22/2007	CA	3600	3.04	18900	VSPL	SSSIL	Pinky Vijay Shah
21-Feb-07	GESHIP	2/22/2007	CA	7200	6.06	37800	VSPL	SSSIL	Jinal Rajiv Parekh
27-Feb-07	GESHIP	3/29/2007	CA	14400	50	75600	VSPL	SSSIL	Devki G Kewani
2-Mar-07	GESHIP	3/29/2007	CA	12000	50	60000	VSPL	SSSIL	Devang R Suchde
6-Mar-07	Matrixlab	3/29/2007	CA	20000	50	110000	VSPL	SSSIL	Ashish N Parikh
7-Mar-07	NTPC	3/29/2007	CA	13000	25	61750	VSPL	SSSIL	Himanshu V Parikh Huf
9-Mar-07	Matrixlab	3/29/2007	CA	20000	50	130000	VSPL	SSSIL	Ashish N Parikh
16-Mar-07	RANBAXY	3/29/2007	CA	16000	23.26	272000	VSPL	SSSIL	Metro Consultancy Manish Arvind Parikh
21-Mar-07	NIFTY	3/29/2007	PE	20000	40.82	1600000	VSPL	PJP	RTPL
21-Mar-07	NIFTY	3/29/2007	PE	9500	49.74	213750	VSPL	PJP	RTPL
22-Mar-07	NIFTY	3/29/2007	PE	23400	50	1041300	VSPL	PJP	RTPL
13-Mar-07	SESAGOA	5/31/2007	FF	6000	50	465000	VSPL	SSSIL	Shanti Investments Corporation Vikas S Shah
23-Mar-07	NIFTY	3/29/2007	PE	23200	30.05	1542800	VSPL	PJP	RTPL
7-Mar-07	Matrixlab	3/29/2007	CA	20000	50	85000	VSPL	SSSIL	Ashish N Parikh
9-Mar-07	GUJ AMBCEM	3/29/2007	CA	24744	33.34	86604	VSPL	SSSIL	Ashish N Parikh
5-Mar-07	GDL	3/29/2007	CA	18000	50	94500	VSPL	SSSIL	Devang R Suchde
7-Feb-07	GDL	2/22/2007	CA	8000	12.5	36000	VSPL	SSSIL	G.D.Khandelwal
20-Feb-07	Centurytex	2/22/2007	CA	5100	15.78	68850	VSPL	SSSIL	Harendra JParekh
5-Mar-07	Matrixlab	3/29/2007	CA	10000	50	65000	VSPL	SSSIL	Kashinath R Pednekar Huf

Trade Date	Symbol	ED	OT	GTQ	% to MG	COD	TM	CTM	CCN
22-Mar-07	GTL	3/29/2007	CA	12000	50	39000	VSPL	SSSIL	Kruti Chirag Shah
12-Mar-07	Matrixlab	3/29/2007	CA	30000	46.16	187500	VSPL	SSSIL	Metro Consultancy Manish A Parikh
21-Mar-07	NIFTY	4/26/2007	CE	20000	49.02	564000	VSPL	PJP	RTPL
30-Mar-07	NIFTY	4/26/2007	CE	17900	49.58	355763	VSPL	PJP	RTPL
22-Mar-07	NIFTY	4/26/2007	PE	21000	35.84	892500	VSPL	PJP	RTPL
22-Mar-07	NIFTY	3/29/2007	PE	23000	38.79	1437500	VSPL	PJP	RTPL
23-Mar-07	NIFTY	4/26/2007	PE	23000	41.07	828000	VSPL	PJP	RTPL
23-Mar-07	NIFTY	4/26/2007	PE	23200	50	835200	VSPL	PJP	RTPL
23-Mar-07	NIFTY	3/29/2007	PE	21000	30	567000	VSPL	PJP	RTPL
23-Mar-07	NIFTY	3/29/2007	PE	21400	31.06	556400	VSPL	PJP	RTPL
30-Mar-07	NIFTY	4/26/2007	CE	23800	46.21	345100	VSPL	PJP	RTPL
21-Mar-07	HCC	3/29/2007	CA	14000	50	23100	VSPL	Kaynet Finance Limited	Shah Paresh A
7-Feb-07	GDL	2/22/2007	CA	8000	12.5	36000	VSPL	SSSIL	Vijay JParekh
						13634917			

Legend: ED – Expiry Date; OT- Option Type; GTQ – Gross Traded Quantity; %MG - % to Market Gross; TM –Trading broker; CTM- Counter Trading broker; CCN - Counter party Client
SSIL-Systematix Shares And Stocks (India) Limited; KHPL- Kasam Holding Pvt. Ltd ; VSPL-Vibrant Securities P Ltd; PJP-Prashant J Patel ;

It is seen from the above table that client Kasam Holding Pvt. Ltd has traded in a total of 51 contracts during the months of February & March, 2007. The total close out difference for the above transactions was Rs.136.34 (Negative). It is also noted that all transactions of KHPL resulted into loss and in total it has made a loss of Rs.136.34 lacs. The client has dealt through the broker Vibrant Securities Pvt Ltd.

b) Transactions of client – Rakhi Trading P Ltd. (RTPL)

Trade Date	Symbol	ED	OT	GTQ	% to MG	COD	TM	CTM	CCN
21-Mar-07	NIFTY	4/26/2007	CE	20000	49.02	564000	PJP	VSL	KHPL
21-Mar-07	NIFTY	3/29/2007	PE	20000	40.82	1600000	PJP	VSL	KHPL
21-Mar-07	NIFTY	3/29/2007	PE	9500	49.74	213750	PJP	VSL	KHPL
21-Mar-07	J SL	3/29/2007	CA	160000	31.50	800000	PJP	SSPL	SSPL
22-Mar-07	NIFTY	4/26/2007	PE	21000	35.84	892500	PJP	VSL	KHPL
22-Mar-07	NIFTY	3/29/2007	PE	23000	38.79	1437500	PJP	VSL	KHPL
22-Mar-07	NIFTY	3/29/2007	PE	23400	50.00	1041300	PJP	VSL	KHPL
23-Mar-07	NIFTY	4/26/2007	PE	23000	41.07	828000	PJP	VSL	KHPL
23-Mar-07	NIFTY	4/26/2007	PE	23200	50.00	835200	PJP	VSL	KHPL
23-Mar-07	NIFTY	3/29/2007	PE	21000	30.00	567000	PJP	VSL	KHPL
23-Mar-07	NIFTY	3/29/2007	PE	21400	31.06	556400	PJP	VSL	KHPL

Trade Date	Symbol	ED	OT	GTQ	% to MG	COD	TM	CTM	CCN
23-Mar-07	NIFTY	3/29/2007	PE	23200	30.05	1542800	PJP	VSL	KHPL
30-Mar-07	NIFTY	4/26/2007	CE	17900	49.58	355762	PJP	VSL	KHPL
30-Mar-07	NIFTY	4/26/2007	CE	23800	46.21	345100	PJP	VSL	KHPL
	Total					11579312			

Legend: PJP- Prashant Jayantilal Patel; VSL - Vibrant Securities Pvt. Ltd; SSPL- Spark Securities Pvt Ltd; JSL-Jindal Stainless Ltd

It is seen from the above that Client Rakhi Trading Pvt Ltd has traded in month of March, 2007 in a total of 14 contracts. The Total COD is Rs 11579312.5 ((positive). It is further noted that all transactions of RTPL have resulted into profit and in total it has made a profit of Rs.115.79 lacs. The client has dealt through the broker Prashant Jayantilal Patel.

c) Transactions of client – Manu Vyapar P Ltd

Trade Date	Symbol	ED	Product Type	GTQ	% to MG	COD	TM	CTM	CCN
27-Feb-07	SRF	4/26/07	FF	150000	10	337500	ASBL	MSBL	ICP
27-Feb-07	SRF	4/26/07	FF	150000	10.00	270000	ASBL	MSBL	ICPL
27-Feb-07	SRF	4/26/07	FF	150000	10	1342500	MSBL	ASBL	YVPL
2-Mar-07	TRIVE NI	4/26/07	FF	385000	48.54	587125	MSBL	ASBL	ABL
2-Mar-07	ALBK	4/26/07	FF	490000	24.94	967750	MSBL	ASBL	ABL
2-Mar-07	CHAM BL FERT	4/26/07	FF	276000	24.39	469200	MSBL	ASBL	ABL
2-Mar-07	GDL	4/26/07	FF	200000	45.05	645000	MSBL	ASBL	ABL
2-Mar-07	IOB	4/26/07	FF	236000	48.19	436600	MSBL	ASBL	ABL
2-Mar-07	KTK BANK	4/26/07	FF	250000	45.45	550000	MSBL	ASBL	ICPL.
2-Mar-07	MRPL	4/26/07	FF	534000	34.09	320400	MSBL	ASBL	ICPL.
2-Mar-07	NICOL AS PIR	4/26/07	FF	104500	50.00	1196525	MSBL	ASBL	ABL
2-Mar-07	CORP BANK	4/26/07	FF	240000	43.67	2640000	MSBL	ASBL	ABL
		Total				9762600			

Legend : MSBL-Manu Stock Broking (P) Ltd; ASBL-Ashika Stock Broking Limited ; MVPL-Manu Vyapar Pvt. Ltd.; ; ABL- Amit Business Ltd; YVPL -Yashman Vyapaar Pvt Ltd. ED-Expiry date.

It is seen from the above table that client Manu Vyapar Pvt. Ltd has traded in a total of 12 contracts during the months of February & March, 2007. The Total COD for the above transactions was Rs9762600 (positive). It is also noted that all transactions of Manu Vyapar have resulted into profit and in total it has made a profit of Rs.97.62 lacs. The client has dealt through the broker Manu Stock Broking (P) Ltd

d) Transaction of Client Amit Business Ltd (ABL)

Trade Date	Symbol	Expiry Date	OT	T Qty	% to MG	COD	TM	CTM	CCN
2-Mar-07	CORPBANK	4/26/07	FF	240000	43.67	2640000	MSB(P)L	ASBL	MVPL
23-Feb-07	GRASIM	3/29/07	CA	3500	8.20	64400	ASBL	DSL.	ESVPL
23-Feb-07	GRASIM	3/29/07	CA	3500	8.20	59675	ASBL	DSL.	ESVPL
23-Feb-07	GRASIM	3/29/07	CA	7000	16.40	125300	ASBL	DSL.	ESVPL
2-Mar-07	TRIVENI	4/26/07	FF	385000	48.54	587,125	MSB(P)L	ASBL	MVPL
2-Mar-07	ALBK	4/26/07	FF	490000	24.94	967750	MSB(P)L	ASBL	MVPL
2-Mar-07	CHAMBLFERT	4/26/07	FF	276000	24.39	469200	MSB(P)L	ASBL	MVPL
2-Mar-07	GDL	4/26/07	FF	200000	45.05	645000	MSB(P)L	ASBL	MVPL
2-Mar-07	IOB	4/26/07	FF	236000	48.19	436600	MSB(P)L	ASBL	MVPL
2-Mar-07	NICOLA SPIR	4/26/07	FF	104500	50	1196525	MSB(P)L	ASBL	MVPL
						7,191,575			

Legends: ASBL -Ashika stock broking limited; MSB(P)L -Manu stock broking (p) ltd; DSL -Destiny securities ltd; ESVPL - Exim scrips vanijay Pvt ltd; MVPL - Manu vyapar Pvt. Ltd

It is seen from the above table that client Amit Business Ltd has traded in a total of 8 contracts during the months of February and March 2007. The total COD for the above transactions was Rs. 7191575 (negative). It is further noted that these transactions have resulted into losses of Rs.71.19 Lacs for Amit Business. The client has dealt through the broker Ashika stock broking limited and Destiny securities ltd. It is also noted that the counterparty broker for these transactions were the same.

e) Transactions of client - Shah Chirag Kirtikumar (SCK)

Trade Date	Symbol	ED	PT	Trade Qty	% to MG	COD	TM	CTM	CCN
23-Jan-07	Suzlon	29-3-07	FF	12800	65.3	716800	KIFSL	KIFSL	Ashok K Sanghvi
23-Jan-07	UltraCemco	29-3-07	FF	20000	100.00	1030000	KIFSL	KIFSL	Jaykumar K Shah
31-Jan-07	AmtekAuto	29-3-07	FF	48000	98.76	624000	KIFSL	KIFSL	Amar M Shah
1-Feb-07	Auropharma	29-3-07	FF	28000	97.56	686000	KIFSL	KIFSL	Amar M Shah
1-Feb-07	Cromptgreav	29-3-07	FF	54000	62.06	648000	KIFSL	KIFSL	Navkar Investment Consul
2-Feb-07	Bomdyeing	29-3-07	FF	6000	52.64	117000	KIFSL	KIFSL	Anil B Thacher
6-Feb-07	HTMT	29-3-07	FF	42000	41.92	1785000	KIFSL	KIFSL	Amar M Shah
7-Mar-07	CESC	26/4/07	FF	66000	42.86	1122000	KIFSL	KIFSL	Raj Corporation
						6728800			

It is seen from the above table that client Shah Chirag Kirtikumar has traded in a total of 8 contracts during the months of January & February, 2007. The total COD for the above transactions was Rs.6728800 (negative). It is further noted that these transactions have resulted into losses of Rs.67.28 Lacs for Shah Chirag Kirtikumar. The client has dealt through the broker Khandwala Integrated Financial Services P Ltd

f) Transaction of Client Suresh Bharat

Trade Date	Symbol	Expiry Date	O T	T Qty	% to MG	COD	TM	CTM	CCN
11-Jan-07	KTKBANK	25-1-07	PA	5000	100	29000	CPR	CPR	RA
11-Jan-07	KTKBANK	25-1-07	PA	5000	100	25000	CPR	CPR	RA
22-Jan-07	LT	29-3-07	FF	2000	38.46	101500	CPR	CPR	MG
22-Jan-07	IDBI	29-3-07	FF	38400	72.72	90240	CPR	CPR	RA
22-Jan-07	IFCI	29-3-07	FF	63000	50	47250	CPR	CPR	RA
23-Jan-07	SUZLON	29-3-07	FF	2800	14.28	116010	CPR	CPR	SS
23-Jan-07	TCS	29-3-07	FF	1500	66.66	17812	CPR	CPR	SS
24-Jan-07	Vijayabank	29-3-07	FF	27600	80.0	15180	CPR	CPR	MG
25-Jan-07	POLARIS	29-3-07	FF	22400	88.88	93520	CPR	CPR	Subhash Malik Huf
25-Jan-07	TVSMOTOR	29-3-07	FF	47200	59.20	29500	CPR	CPR	Subhash Malik Huf
25-Jan-07	IOB	29-3-07	FF	5900	83.34	85550	CPR	CPR	VK (Huf)
25-Jan-07	GMRINFRA	29-3-07	FF	20000	60.6	73500	CPR	CPR	VK (Huf)
25-Jan-07	ESSAROIL	29-3-07	FF	90400	15.54	194360	CPR	CPR	SS
25-Jan-07	INDIACEM	29-3-07	FF	23200	72.72	43500	CPR	CPR	VK (Huf)
29-Jan-07	SOBHA	29-3-07	FF	8400	50	117600	CPR	CPR	OPC
29-Jan-07	SOBHA	29-3-07	FF	8400	50	164010	CPR	CPR	OPC
31-Jan-07	Wockpharma	29-3-07	FF	12000	23.8	179400	CPR	CPR	VK
31-Jan-07	Mcdowell-N	29-3-07	FF	7000	31.82	87500	CPR	CPR	VK
31-Jan-07	Patni	29-3-07	FF	10400	25	115180	CPR	CPR	VK
1-Feb-07	Crompgreav	29-3-07	FF	18000	20.68	105300	CPR	CPR	MG
5-Feb-07	BEML	29-3-07	FF	10000	57.14	95000	CPR	CPR	VK
7-Feb-07	CORPBANK	29-3-07	FF	19200	25	115200	CPR	CPR	NU
7-Feb-07	CORPBANK	29-3-07	FF	19200	25	76800	CPR	CPR	SS
19-Feb-07	INDHOTEL	26-4-07	FF	28000	88.88	101500	CPR	CPR	MG
19-Feb-07	SUZLON	26-4-07	FF	4000	76.92	64000	CPR	CPR	MG
20-Feb-07	ACC	26-4-07	FF	7500	47.62	135000	CPR	CPR	Biram Wati
20-Feb-07	ACC	26-4-07	FF	7500	47.62	262500	CPR	CPR	VK
21-Feb-07	JINDALSTEL	26-4-07	FF	4000	23.52	296000	CPR	CPR	Meenu Singhal
21-Feb-07	JINDALSTEL	26-4-07	FF	4000	23.52	216000	CPR	CPR	VK (Huf)
21-Feb-07	JINDALSTEL	26-4-07	FF	4000	23.52	230000	CPR	CPR	VK (Huf)
22-Feb-07	PUNJLLOYD	26-4-07	FF	6000	68.96	69000	CPR	CPR	JRM
21-Feb-07	BEML	26-4-07	FF	10000	95.24	310000	CPR	CPR	Gaurav Verma
23-Feb-07	Mcdowell-N	26-4-07	FF	5000	90.9	97500	CPR	CPR	JRM
26-Feb-07	Bomdyeing	26-4-07	FF	12000	28.78	216000	CPR	CPR	Mukund Singhal
26-Feb-07	Bomdyeing	26-4-07	FF	12000	28.78	198000	CPR	CPR	Niraj K Mittal (Huf)
5-Mar-07	Bomdyeing	26-4-07	FF	6000	24.4	105000	CPR	CPR	JRM
6-Mar-07	ABAN	26-4-07	FF	6000	28.3	234000	CPR	CPR	TM
6-Mar-07	ABAN	4/26/07	FF	6000	28.3	303000	CPR	CPR	TM
6-Mar-07	Bomdyeing	26-4-07	FF	6000	24.7	126000	CPR	CPR	JRM
7-Mar-07	Auropharma	26-4-07	FF	7000	68.96	147000	CPR	CPR	Mam Chand Yadav
9-Mar-07	PUNJLLOYD	26-4-07	FF	6000	71.42	177,000	CPR	CPR	VK (Huf)
						5305412			

Legend: CPR - CPR Capital Services Ltd ; RA -Ramesh Ahuja; VK - Vikas Ku3 Mittal; TM- Tina Mittal; OPC - Om Prakash Chawl ; SS - Sudarshan Ku3 Sachdeva; MG - Mahesh K Gupta; NU - Naveen Uppal & Sons Huf; MG -Mohit Goel ; Jagdish Rai Mittal (Huf)-JRM

It is seen from the above table that client Suresh Bharrat has traded in a total of 27 contracts during the months of January, February and March 2007. The total COD for the above transactions was Rs.5305412 (negative). It is further noted that these transactions have resulted into losses of Rs.53.05 Lacs for Suresh Bhagat. The client has dealt through the broker CPR Capital Services Ltd and the counterparty broker for these transactions were the same.

g) Transactions of client – Raj Corporation Ltd.

Trade Date	Symbol	Expiry Date	Pdt type	Trade Qty	% to MG	COD	BTM	CTM	CCN
7-Mar-07	CESC	4/26/07	FF	66000	42.86	1122000	KIFSL	KIFSL	SCK
8-Mar-07	CUMMIN S IND	4/26/07	FF	57000	50.00	555750	KIFSL	KIFSL	VGS
9-Mar-07	FEDERAL BNK	4/26/07	FF	52,000	47.62	468,000.00	KIFSL	KIFSL	MLM
9-Mar-07	PATNI	4/26/07	FF	45,500	77.78	728,000.00	KIFSL	KIFSL	MLM
9-Mar-07	AURO PHARMA	4/26/07	FF	28000	50.00	840000	KIFSL	KIFSL	MLM
14-Mar-07	NICOLAS PIR	4/26/07	FF	41800	40.00	346940	KIFSL	KIFSL	HV SHAH
	TOTAL					4,060,690			

Legend: KIFSL-Khandwala Integrated Financial Services P Ltd; RC -Raj Corporation; MLM – Mehul Lavji Mehta; VGS -Vaghjibhai Gagaldas Shah; SCK -Shah Chirag Kirtikumar

It is seen from the above that client Raj Corporation Ltd has traded in months of March, 2007 in a total of 6 contracts. The total COD for the above transactions was Rs.4,060,690 (Positive). It is also noted that all transactions of Raj Corporation have resulted into profit and in total it has made a profit of Rs.40.60 lacs. The client has dealt through the broker Khandwala Integrated Financial Services P Ltd

c) Transactions of client – Tungarli Tradeplace P Ltd

Trade Date	Symbol	ED	OT	GTQ	% to MG	COD	TM	CTM	CCN
26-Mar-07	ZEEL	5/31/2007	FF	28000	45.46	448,000	PSJ	PVL	PVL
26-Mar-07	WOCKPHARMA	5/31/2007	FF	24000	27.02	600,000	PSJ	PVL	Damani Sec Ltd
23-Mar-07	WOCKPHARMA	5/31/2007	FF	12000	33.34	150,000	PSJ	PVL	PVL
26-Mar-07	STAR	5/31/2007	FF	34000	31.26	697,000	PSJ	PVL	PVL
23-Mar-07	MAHSEAMLES	5/31/2007	FF	24000	34.48	780,000	PSJ	PVL	PVL
23-Mar-07	CHENNPETRO	5/31/2007	FF	36000	27.03	486000	PSJ	PVL	PVL

Trade Date	Symbol	ED	OT	GTQ	% to MG	COD	TM	CTM	CCN
28-Mar-07	JSWSTEEL	5/31/2007	FF	22000	45.45	231000	PSJ	PVL	VTPL
23-Mar-07	ZEEL	5/31/2007	FF	28000	40.00	238000	PSJ	PVL	PVL
12-Mar-07	FEDERALBNK	4/26/2007	FF	26000	25.00	130000	PSJ	PVL	PVL
15-Mar-07	NICOLASPIR	4/26/2007	FF	20900	31.25	167200	PSJ	PVL	PVL
						3,927,200			

Legend: PSJ- PSJ Securities Pvt. Ltd; PVL - Pratibhuti Vinihit Ltd.; TTPL- Tungarli Tradeplace Private Limited; VTPL-Vishvesh Trading Pvt Ltd

It is seen from the above table that Client Tungarli Tradeplace Private Limited has traded in a total of 14 contracts during the month of March, 2007. The Total COD for the above transactions was Rs 3927200 (Positive). It is further noted that all transactions of TTPL have resulted into profit and in total it has made a profit of Rs.64.52 lacs. The client has dealt through the broker PSJ Securities Pvt. Ltd.

f) Transactions of client – TLB Securities Ltd (TLB)

Trade Date	Symbol	ED	OT	Trade Qty	% to MG	COD	BTM	STM	CCN
22-Jan-07	STAR	29-3-07	FF	17000	100	586500	SMC	SMC	J Narendra
23-Jan-07	SOBHA	29-3-07	FF	5600	100	249200	SMC	SMC	B Maniklal
23-Jan-07	SUN PHARMA	29-3-07	FF	6300	100	292950	SMC	SMC	B Maniklal
31-Jan-07	WOOCK PHARMA	29-3-07	FF	24000	47.62	360000	SMC	SMC	J Narendra
31-Jan-07	IOC	29-3-07	FF	24000	95.24	396000	SMC	SMC	J Narendra
31-Jan-07	PATNI	3/29/07	FF	5,200	12.5	416000	SMC	SMC	J Narendra
1-Feb-07	LUPIN	3/29/07	FF	7,000	33.34	105000	SMC	SMC	J Narendra
5-Feb-07	FEDERAL BNK	3/29/07	FF	39,000	83.34	526500	SMC	SMC	Agarwala Sameer
6-2-07	GUJ ALKALI	3/29/07	FF	84,000	85.72	409500	SMC	SMC	Arvind A Goyal (Huf)
6-2-07	HTMT	3/29/07	FF	24,000	23.96	528000	SMC	SMC	Goyal Reena Arvind
						3869650			

Legend: SMC -SMC Global Securities Ltd.

It is seen from the above that client TLB Securities Pvt. Ltd has traded in a total of 10 contracts during the months of January & February, 2007. The total COD for the above transactions was Rs 3869650 (Negative). It is also noted that all transactions of TLB have resulted into loss and in total it has made a loss of Rs.40.60 lacs. The client has dealt through the broker SMC Global Securities Ltd.

g) Transaction of Client – Pratibhuti Vinihit Ltd. (Broker proprietary account)

Trade Date	Symbol	ED	OT	GTQ	% to MG	COD	TM	CTM	CCN
26-Mar-07	ZEEL	5/31/2007	FF	28,000.00	45.46	448,000.00	PVL	PSJ	TTPL
23-Mar-07	WOCKPHARMA	5/31/2007	FF	12,000.00	33.34	150,000.00	PVL	PSJ	TTPL
23-Mar-07	MAHSEAMLES	5/31/2007	FF	24,000.00	34.48	780,000.00	PVL	PSJ	TTPL
23-Mar-07	CHENNPETRO	5/31/2007	FF	36000	27.03	486000	PVL	PSJ	TTPL
12-Mar-07	FEDERALBNK	4/26/2007	FF	26000	25.00	130000	PVL	PSJ	TTPL
15-Mar-07	NICOLASPIR	4/26/2007	FF	20900	31.25	167200	PVL	PSJ	TTPL
26-Mar-07	STAR	5/31/2007	FF	34000	31.25	697000	PVL	PSJ	TTPL
23-Mar-07	ZEEL	5/31/2007	FF	28000	40.00	238000	PVL	PSJ	TTPL
						3,096,200			

Legend: PSJ- PSJ Securities Pvt. Ltd.; PVL - Pratibhuti Vinihit Ltd.; TTPL- Tungarli Tradeplace Private Limited

It is seen from the above table that broker (pro account) Pratibhuti Vinihit Ltd has traded in a total of 8 contracts during March 2007. The total COD for the above transactions was Rs.3096200. It is also noted that these transactions have resulted into loss of Rs.30.96 Lacs for the client.

h) Transactions of client - Amar Mukeshbhai Shah

Trade Date	Symbol	ED	OT	Trade Qty	% to MG	COD	TM	CTM	CCN
31-Jan-07	Amtek Auto	29-3-07	FF	48000	98.76	624000	KIFSL	KIFSL	SCK
1-Feb-07	Auro Pharma	29-3-07	FF	28,000	97.56	686000	KIFSL	KIFSL	SCK
6-Feb-07	H TMT	29-3-07	FF	42,000	41.92	1785000	KIFSL	KIFSL	SCK
						3095000			

Legend: KIFSL- Khandwala Integrated Financial Services P Ltd; SCK - Shah Chirag Kirti Kumar

It is seen from the above table that client Amar Mukeshbhai Shah has traded in a total of 3 contracts during the months of January & February, 2007. The total COD for the above transactions was Rs.3869650. It is also noted that these transactions have resulted into profit of Rs.38.69 Lacs for Amar Mukeshbhai Shah. The client has dealt through the broker Khandwala Integrated Financial Services P Ltd

3. Conclusion

The findings of the preliminary examination as brought out (supra) indicate a carefully masterminded plan by brokers of the NSE to vitiate the integrity of the futures & option markets. The futures & options markets are still in a stage of infancy in India and are characterised by illiquidity and scarcity of trades in a vast majority of contracts except Nifty Index Futures.

The total turnover in options is only 10% of the total turnover in the F & O segment. For the months of January, February and March 2007, total turnover in the F&O segment was Rs 627456.29 cr, Rs. 703492.2 cr and Rs. 693762.85 crores respectively. Out of this, turnover in stock options was Rs. 19401.42 cr (3.1% of total F& O turnover), Rs. 16785.43 (2.4% of total F& O turnover) cr and 12105.9 crores (1.75% of total F& O turnover) respectively. Thus, the stock option market segment constitutes only around 1.75 % to 3% of the total F & O turnover. Also while relatively, the futures markets have more trading turnover, it is pertinent to note that this market has a long tail and only some contracts are liquid and tradable – Nifty futures and around 10 other stock futures. For the months of January to March 2007, the top 10 stock futures constituted as much as around 35% of the total stock futures turnover thereby indicating that the remaining 145 stock futures are not as liquid /tradable.

In such a situation, these options markets are highly susceptible to Market Manipulation with concomitant adverse effects on price discovery. It may be worthwhile to point out here that futures and Options are unique trading instruments. They can be used for multitude of purposes, providing tremendous versatility and utility. Among their multiple applications are the following: to speculate on the movement of an asset; to hedge an existing position in an asset; to hedge other option positions. Futures and options thus perform a crucial function of assisting in price discovery apart from safeguarding a portfolio of an investor. However, as observed from the findings of the preliminary scrutiny, the brokers and clients have used an ingenious technique to take advantage of the nascent stage of the market and enjoy facile gains at the expense of the lay investors and vitiate entire integrity and utility of the market.

It was seen that the close out (reversal of trade) was being done either for the entire quantity of contract or substantially the same quantity with the same opposite party. However, the difference in the prices at which the above two trades were executed was very significant. It was also observed that these brokers who have been trading either on behalf of their clients (related as well as non- related) or on behalf of their own account have entered into synchronized/structured trades with each other. Further, on most of the occasions the buy order quantity and price was matched with sell order quantity and price. Moreover, it was observed that the buy orders and sell orders were placed within a difference of few seconds (numerous occasions the order times were matched to the exact second). Further, on various occasions when time was not matched by the respective parties, it was observed that the first order was placed at an unattractive price relative to market price. Additionally, it was also seen that one of the parties to the transactions apparently had a positive close out difference whereas the other party had a negative close out difference. Thus, one party has booked profit and other party has booked loss. The apparently matched transactions and their close out transactions were executed in various futures & option contracts on different underlyings. It is also pertinent to note that reversal/close-out transactions were executed at prices with significant variation within a short period though no major variation in the underlying

price during the period was observed indicating that these transactions were, prima facie, non-genuine.

The entities have thus indulged in non genuine trade transactions and have created false and misleading appearance of trading on the derivatives market. Such transactions were entered into without intention of change of ownership of the securities. They have also entered into circular transactions to provide a false appearing of trading. The peculiar nature of the trades executed by the Broker and the modus operandi by which the said trades were executed, demonstrate that the said transactions were the outcome of a predetermined and planned action thereby injecting an element of negotiation in the whole scheme of things. It is constructive here to reproduce the observations made in respect of negotiated transactions by the Hon'ble Securities Appellate Tribunal (SAT) in the matter of Ketan Parekh Vs SEBI.

..... As already observed 'synchronisation' or a negotiated deal ipso facto is not illegal. A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium...
... Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn.

It is also significant to note that the NSE had in March 2005 issued a circular to brokers, interalia, specifically advising them to desist from entering such transactions as detailed above, as well as orders which, prima facie, appear to be non-genuine on their own account and / or on behalf of their clients. Brokers were further advised to put in place appropriate internal systems and procedures at their end for checking for such orders / transactions before transmitting to the trading system of the Exchange. The circular was issued when the exchange noted that such transactions were being undertaken at that point of time. However, it seems that the brokers have brazenly flouted the advice mandated by the circular and have continued to indulge in such non genuine transactions repeatedly over the investigation period with scant regard to the SEBI

mandated code of conduct for Stock brokers (Regulation 7, Schedule II) which inter alia, stipulates integrity, due skill, care and diligence as well as compliance with statutory requirements on part of the broker while prohibiting malpractices. The Brokers failed to exercise due skill, care and diligence which are expected from a prudent stock broker who have a duty not only towards its clients but also towards the securities market. I note that the Brokers were a necessary party to the transactions giving rise to artificiality in the market. Instead of exercising caution, the Broker had executed large number of such irregular trades, presumably with prior knowledge and specific instructions and thereby, the Brokers were instrumental in creating artificial volumes. The brokers seem to have wilfully indulged in such malpractices to the detriment of the market at large. The findings of preliminary examination and available evidence prima facie indicated the violation of regulation 3, 4 (1), 4(2)(a&b) of SEBI (Prohibition of Fraudulent and Unfair Trade practices relating to securities market) Regulations, 2003 by these entities and violation of Regulation 7 (schedule II; code of conduct for stock broker) of SEBI (Stock Brokers and Sub brokers) Rules and Regulations, 1992 by the brokers.

Going forward, such acts would only shake the confidence of the investors in the options market and stymie regulatory and market efforts to graduate it into a vibrant and liquid market. It is highly probable that such undesirable practices, as elucidated in the findings earlier, are likely to repeat if not checked immediately. It is therefore imperative that such harmful activities be nipped in the bud at the earliest for safeguarding the fabric of the market. In view of the facts of the case, the contentions adduced above, more particularly the persistence of the entities in perpetrating such transactions, despite NSE circular dated March 10, 2005. I am convinced that to safeguard the interest of the investing public, immediate and appropriate action is warranted at this juncture and concomitantly the need for an ad-interim order becomes necessary. The present order also takes into account the need to ensure orderly development of the options market and the directions are accordingly based.

4. Order

4.1 Therefore, in exercise of the powers delegated to me by the SEBI Board in terms of Section 19 of the Securities and Exchange Board of India Act 1992 read with Section 11B and 11D, I hereby, by way of ad interim, ex-parte order, direct as under :

- a) The following entities - Rakhi Trading P Ltd, Kasam Holding P Ltd, Tungarli Tradeplace P Ltd, Manu Vyapar P Ltd, Raj Corporation Ltd., TLB Securities Ltd, Amar Mukeshbhai Shah, Shah Chirag Kirtikumar, Amit Business Ltd and Suresh Bharrat are directed to cease and desist from indulging in the above mentioned violations till further orders.
- b) The following brokers – Kumar Share Brokers Ltd., CPR Capital Services Ltd., SMC Global Securities Ltd., Khandwala Int. Fin. Ser P Ltd, Shilpa Stock Brokers P Ltd., Angel Capital & Debt Market Ltd, Vibrant Securities Pvt. Ltd., Systematix

Shares & Stk (India) Ltd, Steel City Securities Ltd, Ashika Stock Broking Limited, Prashant Jayantilal Patel, Indiabulls Securities Ltd., PSJ Securities P Ltd., Pratibhuti Vinihit Ltd. and Manu Stock Broking (P) Ltd. are directed to cease and desist from indulging in the above mentioned violations, till further orders.

- c) The aforesaid directions are without prejudice to any other action that may be initiated against the above entities and brokers.
- d) This order shall come into force with immediate effect. However, the entities/persons against whom this order is being passed may file their objections, if any, within 15 days from the date of this order and, if they so desire, may avail themselves of an opportunity of personal hearing at the Securities and Exchange Board of India, Head Office, Plot C4A, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051 on a date and at a time to be fixed on a specific request, to be received in this behalf from the entities/persons within 15 days from the date of this order, in which case their representations shall be considered and a final view taken. If they do not respond within such stipulated time, it shall take final effect against them.

PLACE : MUMBAI
DATE : June 18, 2007

G. ANANTHARAMAN
WHOLE-TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA