

Department: Investigation	Segment: All
Circular No: MSE/ID/18803/2026	Date: March 30, 2026

Subject: Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group.

To All Members,

SEBI vide order no. QJA/SS/IVD-2/ID19/32297/2025-26 dated March 27, 2026, where in SEBI has restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for the period given in table, from the date of this order.

Noticee no.	Name of Entity	PAN	Period of Debarment
1.	Vishvanath Goswami	AGFPG2162E	2 years
2.	Umang Chaturvedi	AGRPC1123D	2 years
3.	Shyam Chaturvedi	AGQPC0759C	2 years
4.	Vinod Kumar Chaturvedi	AFMPC1655G	2 years

Further, SEBI vide above order has directed that if the above entities have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier.

The detailed order is available on SEBI website - <http://www.sebi.gov.in>

This order shall come into force with immediate effect.

**For and on behalf of
Metropolitan Stock Exchange of India Limited**

**Shweta Mhatre
Assistant Vice President**

Metropolitan Stock Exchange of India Limited



QJA/SS/IVD-2/ID19/32297/2025-26

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11 (1), 11(4), 11 (4A), 11B (1) AND 11B (2) AND SECTION 15HA OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of:

Noticee No.	Noticee Name	PAN
1.	Vishvanath Goswami	AGFPG2162E
2.	Umang Chaturvedi	AGRPC1123D
3.	Shyam Chaturvedi	AGQPC0759C
4.	Vinod Kumar Chaturvedi	AFMPC1655G

The abovementioned Noticees are hereinafter individually referred to by their respective names or the respective Noticee number and collectively as the "Noticees").

In the matter of Front Running of Trades of Big Client by certain entities of Chaturvedi Group

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Prologue

“Front running” - a fraudulent practice.

1. This case involves alleged ‘front running’ of 350 trades of Societe Generale (hereinafter also referred to as “**Big Client**”) a registered Foreign Portfolio Investment (FPI) by certain entities connected to one Atul Chaturvedi, who was one of the ‘sales traders’ designated by Antique Stock Broking Limited (**Antique**) i.e. broker of the Big Client and who was privy to material non-public information pertaining to the impending trades (350 instances) of the Big Client. Atul Chaturvedi, transmitted the said non-public information to the front runners (‘**Chaturvedi Group/front runners**’).
2. Section 11(2)(e) of the SEBI Act empowers SEBI to take measures for *prohibiting fraudulent and unfair trade practices relating to securities markets*. Section 12A¹ of the

¹ inserted by the SEBI (Amendment) Act, 2002, w.e.f. 29-10-2002



SEBI Act provides for anti-fraud prohibitions in wide terms so as to include any device, scheme or artifice to defraud in connection with issue or dealing in securities and any manipulative or deceptive device or contrivance in contravention of the Regulations. The prohibition under Regulation 4(2)(q) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (“**PFUTP Regulations**”) specifically covers the acts of ‘*front running*’. The wide definition of the terms fraud and fraudulently in Regulation 2(1)(c) and all-inclusive prohibitions under Section 12 A of the SEBI Act and Regulation 3 of the PFUTP Regulations encompass within their ambit this kind of market abuse. Apart from these prohibitions, Regulation 4(1) of the PFUTP Regulations prohibits any kind of *manipulative, fraudulent or an unfair trade practice in securities markets*. An act of front running or tailgating being a form of illegal market abuse is a heinous fraud prohibited under the SEBI Act and PFUTP Regulations and is squarely covered within the ambit of prohibitions contemplated in Section 11(2)(e) and 12A of the SEBI Act and Regulations 3 and 4 of the PFUTP Regulations.

3. The Hon’ble Supreme Court in the matter of **SEBI v. Kanaiyalal Baldevbhai Patel (2017) 15 SCC 1**, while considering the term ‘*front running*’ observed as following:

“As per the Major Law Lexicon by P Ramanatha Aiyar (4th Edition 2010), ‘front running’ is defined as under:

Buying or selling securities ahead of a large order so as to benefit from the subsequent price move. This denotes persons dealing in the market, knowing that a large transaction will take place in the near future and that parties are likely to move in their favour. The illegal private trading by a broker or market-maker who has prior knowledge of a forthcoming large movement in prices.”

The Black’s Law Dictionary (9th Edition) defines the term ‘front running’ as under: Front running, n. Securities. A broker’s or analyst’s use of non-public information to acquire securities or enter into options or futures contracts for his or her own benefit,

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knowing that when the information becomes public, the price of the securities will change in a predictable manner. This practice is illegal. Front-running can occur in ways. For example, a broker or analyst who works for a brokerage firm may buy shares in a company that the firm is about to recommend as a strong buy or in which the firm is planning to buy a large block of shares.

Nancy Folbre, The Front-Runners of Wall Street, 07.04.2014 (The New York Times). – In the world of financial trading, a front-runner is someone who gains an unfair advantage with inside information.

SEBI has defined front-running in one of its circular of 2012 in the following manner- “Front-running; for the purpose of this circular, front running means usage of non-public information to directly or indirectly, buy or sell securities or enter into options or futures contracts, in advance of a substantial order, on an impending transaction, in the same or related securities or futures or options contracts, in anticipation that when the information becomes public; the price of such securities or contracts may change.”

4. Hon’ble SC in the aforesaid case has further observed as under:

“...It comprises of at least three forms of conduct. They are: (1) trading by third parties who are tipped on an impending block trade ("tippee" trading); (2) transactions in which the owner or purchaser of the block trade himself engages in the offsetting futures or options transaction as a means of "hedging" against price fluctuations caused by the block transaction("self-front running"); and (3) transactions where a intermediary with knowledge of an impending customer block order trades ahead of that order for the intermediary's own profit ("trading ahead")...”

5. Further, a consultative paper issued by SEBI had grouped front running to be an undesirable manipulative practice in the following manner: -

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‘However, SEBI Act does not prescribe or specify as to which practice would be considered to be fraudulent and unfair trade practices. While the fraudulent and unfair trade practices are commonly understood, it would be desirable if these practices are defined specifically...this will bring about clarity among the intermediaries, issuers, investors and other connected persons in the securities markets about the practices that are prohibited, fraudulent and unfair. ...The draft defines fraudulent and unfair trade practices. These regulations seek to cover market manipulation on the stock exchanges also. Practices like wash sales, front-running, price rigging, artificial increasing or decreasing the prices of the securities are brought within the ambit of the regulations’.

6. SEBI vide its circular CIR/EFD/1/2012 dated May 25, 2012 has defined front running as usage of “*non-public information to directly or indirectly, buy or sell securities or enter into options or futures contracts, in advance of a substantial order, on an impending transaction, in the same or related securities or futures or options contracts, in anticipation that when the information becomes public; the price of such securities or contracts may change;*”.
7. The most common patterns of front running; are the BBS and SSB patterns as discussed hereinafter: -
 - a. **Buy-Buy-Sell (“BBS”)** i.e. buy by the front runner, buy by the Big Client and sell by the front runner. In this pattern, the front runner, by using the non-public information regarding an impending buy order of the Big Client, places his buy order before the last tranche of the Big Client’s buy order. As and when the buy order of the Big Client gets executed, the price of the security rises and the front runner sells the securities bought earlier, at the raised price, thereby pocketing the difference between the new raised price of the security which is established during / post Big Client’s buy trades and the price at which he had bought his securities.
 - b. **Sell-Sell-Buy (“SSB”)** i.e. sell by the front runner, sell by the Big Client, buy by the front runner. In this pattern, the ‘front runner’ by using the non-public

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information regarding the impending sell order of the Big Client, places his sell orders before the last tranche of the Big Client's sell order. As and when the sell order of the Big Client gets executed, the price of the security falls which gives an opportunity to the front runner to buy back the securities at a lower price to meet his obligations which he had created earlier by selling securities. He pockets the difference.

Settlement and its implications.

8. In this case, the transactions in question pertain to the year 2022-2023. The investigation commenced on December 5, 2023 and was concluded on November 22, 2024. After approval of the investigation report (**IR**), the enforcement proceedings were contemplated against 11 entities when the case was assigned in December 2024. However, prior to the issuance of the SCN, the Other Front Runners and Atul Chaturvedi filed *suo-moto* settlement applications in terms of the SEBI (Settlement Proceedings) Regulations, 2018 ("*Settlement Regulations*") which was intimated on February 7, 2025 and April 29, 2025 respectively. Accordingly, the SCN with regard to them was kept on hold in terms of Regulation 8 of the Settlement Regulations but the two separate SCNs both dated February 20, 2025 were issued to Motilal Oswal Financial Services Limited (MOFSL) and Antique who also filed separate applications thereafter to settle the proceedings so commenced. Also a common SCN dated May 2, 2025 was issued to these four Noticees.
9. The Settlement Applications filed as above came to be disposed of as following: -
 - a) Settlement Order dated October 6, 2025 passed *qua* 4 applicants viz Manish Chaturvedi, Ashish Chaturvedi, Rajni Chaturvedi and Indus Strategy Financial Advisors Private Limited (hereinafter known as "Other Front Runners" for the purpose of this Order) who were also part of the Chaturvedi Group, who had filed *suo-moto* settlement applications.



b) Settlement Order dated November 18, 2025 passed *qua* Atul Gopeshwar Chaturvedi (hereinafter known as ‘*Atul Chaturvedi / the Information Carrier*’ for the purpose of this order) who had filed *suo-moto* settlement application.

c) Settlement Orders dated September 18, 2025 and September 19, 2025 *qua* the brokers MOFSL and Antique.

10. Although the above entities have settled the matter as above, the observations against them wherever relevant, are made in terms of Regulation 27(2) of the Settlement Regulations, which says that:- “*Where any applicant who obtains a settlement order is also noticee along with any other person in any civil and administrative proceeding, the Adjudicating Officer or the Board while disposing proceedings against such other person may make necessary observations in respect of the applicant in so far as is necessary to prove the act of another..*”

Background/ Investigations

11. The Big Client, Societe Generale is a French Public Limited company having its registered office in Paris and is registered as Foreign Portfolio Investment (FPI) with SEBI under two FPI Registration Numbers INFRFP020917 and INFRFP100119. An investigation was carried out by SEBI to ascertain as to whether the trades of the Big Client were front run by certain entities during the period January 01, 2022 to December 08, 2023 (hereinafter referred to “investigation period” or “IP”). Reference was also made to event(s)/ period(s) outside IP wherever deemed necessary.

12. The trades of Big Client in respect of the front running instances were for the FPI registration No. INFRFP020917 and Client Code 4158. The trades of Big Client for the 350 front running instances were placed through Antique. The orders were communicated by Big Client from its Hong Kong desk through telephonic calls and Bloomberg chats to Antique, Mumbai. During the calendar years 2022 and 2023, Big Client used to

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communicate its orders to the officials of Antique viz. Kumar Shah, Shounak Pal, Ashish Maheshwari and Atul Chaturvedi. Antique designates the person who interacts with the clients and receives orders as the Sales Trader. The Sales Trader upon receiving the order instructions from the client gives instructions to the dealer to punch the orders in the system. Hence, Atul Chaturvedi was privy to material non-public information pertaining to the impending trades of the Big Client.

13. The investigations revealed that out of the 350 instances of front running identified during the IP, in 348 instances, Atul Chaturvedi was the sales trader. The said non-public information was transmitted by him to the Noticees and Other Front Runners. The Noticees and the Other Front Runners known as ‘Chaturvedi Group/front runners’ are related / connected to Atul Chaturvedi as a family member or friend, based on calls, or KYC details or bank transfers or internet protocol address or submissions made during the investigations.

Show Cause Notice

Alleged contravention.

14. Instant proceedings commenced by issuance of a common Show Cause Notice (SCN) dated May 2, 2025 upon the 4 Noticees who had not filed for settlement, alleging that they have violated the provisions of Sections 12 A(a), (b), (c) and (e) of the Securities and Exchange Board of India (“SEBI”) Act, 1992 (SEBI Act) and Regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) read with Regulation 2(1)(c) of the PFUTP Regulations. These Sections/Regulations provide as follows: -

SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

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- (a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
- (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*
- (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
- (e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

PFUTP Regulations

2. (1)(c) *“fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—*

- (1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;*
- (2) a suggestion as to a fact which is not true by one who does not believe it to be true;*
- (3) an active concealment of a fact by a person having knowledge or belief of the fact;*
- (4) a promise made without any intention of performing it;*
- (5) a representation made in a reckless and careless manner whether it be true or false;*
- (6) any such act or omission as any other law specifically declares to be fraudulent,*
- (7) deceptive behaviour by a person depriving another of informed consent or full participation,*



- (8) *a false statement made without reasonable ground for believing it to be true.*
- (9) *the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.*

And “fraudulent” shall be construed accordingly;

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) *Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.*

Explanation.— For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that

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would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

(2) Dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves any of the following: —

(q) any order in securities placed by a person, while directly or indirectly in possession of information that is not publically available, regarding a substantial impending transaction in that securities, its underlying securities or its derivative;

15. The said 4 Noticees were called upon to show cause as to why suitable directions under Sections 11B(1) and 11(4) read with 11(1) of the SEBI Act, 1992 including directions to prohibit them from buying, selling or otherwise dealing in securities market, either directly or indirectly in any manner whatsoever, for a particular period and directions for disgorgement of the unlawful gains and why an inquiry should not be held against them in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and why suitable monetary penalties under Sections 11(4A) and 11B(2) read with Section 15HA of the SEBI Act should not be imposed on the Noticees, for the aforesaid violations.

16. Based on the IR, the basis of allegations / charge are as follows:-

Relation/ Connection amongst Noticees

- i. Vishvanath Goswami a friend of Atul Chaturvedi took all trading decisions and placed trades in his own account and in the account of his wife (Preeti Goswami – since deceased on February 25, 2023). He has admitted during the investigation that “*I trade and take all trading decisions for Vishvanath Goswami and Preeti Goswami.*” Further as admitted

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vide his e-mail dated November 05, 2024 he is the Legal Representative of his wife (Late) Preeti Goswami.

- ii. Umang Chaturvedi is the brother-in-law of Atul Chaturvedi; Shyam Chaturvedi is Atul Chaturvedi's cousin and Vinod Kumar Chaturvedi is the uncle of Atul Chaturvedi. Shyam Chaturvedi and Vinod Kumar Chaturvedi share the same residential address in Mathura with Atul Chaturvedi as per their KYC documents. All these 3 Noticees viz Umang Chaturvedi, Shyam Chaturvedi and Vinod Kumar Chaturvedi disobeyed the summons issued to them by the IA under Sections 11C (5) and 11C(7) of the SEBI Act and did not provide information sought from them by the IA.

Instances of front run trades

- iii. The Chaturvedi Group have front run the trades of Big Client in 350 instances spread across 101 calendar days during the IP. Total number of instances² of trading of the Chaturvedi Group on NSE was 3876 during the IP. Out of 3876 total instances, 2281 were common intra -day instances³ i.e. around 60% of the total instances were those where the Chaturvedi Group entities have done intra-day trading in the same scrip wherein Big Client was trading.
- iv. Out of 350 front running instances, for 347 the percentage contribution of Big Client to the market volume⁴, was more than 10%. Further, for 281 front running instances out of 350, Big Client's contribution to the market volume was more than 50%. Thus, orders of Big Client were of substantial quantity that likely impacted the price movement of scrip upon their placement.

² An instance is counted as a unique combination of day and scrip.

³ Common intraday instances are those instances which are intraday instances and have the same scrip as that of Big Client.

⁴ During the time period between start of placement of orders (order start time) and end of execution of trades (trade end time)



- v. In all the instances, the traded quantity of the Big Client was significantly more than the quantity of the front running entities. It was more than double for 338 front running instances.
- vi. The average Gross Traded Value (GTV) for each of the Chaturvedi Group entities increased substantially for front running instances in comparison to their total instances. Thus, the exposures taken by Chaturvedi Group entities while front running the trades of Big Client far exceeded the exposure taken while not indulging in front running activity. Moreover, percentage of profit earned in front running instances as a percentage of total profit earned during the IP was as high as more than 100% for the noticees viz Umang Chaturvedi and Shyam Chaturvedi. Thus, it was seen that these entities incurred a loss for all their non-front running instances combined.
- vii. Antique vide email dated September 26, 2024 informed the role of the Dealer included placing buy or sell orders based on clients' instructions in real time as per instruction from the sales trader, providing feedback to Sales Trader on volume patterns of various stocks, building and maintaining relationships with clients, understanding their investment needs and providing market insights and updates, executing buy and sell orders on behalf of clients, ensuring client instructions are fully met and ensuring proper coordination with the dealers on the order execution of the clients. Therefore, the Sales Trader was aware of the impending orders of the Big Client that are to be punched by the dealer. Dealer merely executes the instructions given by the Sales Trader.
- viii. Atul Chaturvedi was the Sales Trader for 348 instances out of 350 identified instances of front running. For only 2 instances, Kumar Shah was the Sales Trader. For these 2 instances, it was observed that for one instance corresponding to the date April 29, 2022 and the scrip JTLINFRA, Atul Chaturvedi spoke with Kumar Shah at 09:41:47 (as per the CDR of Atul Chaturvedi) which is just before front runner Umang Chaturvedi's order placement time of 09:56:36 wherein he has earned a profit of Rs 3783.20. Also, for the second instance corresponding to the date June 05, 2023 and the scrip MAZDOCK

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wherein Umang Chaturvedi has earned a profit of Rs. 1090/-, Atul Chaturvedi was in office on that day as informed by Antique vide email dated October 14, 2024. Therefore, it is observed that Atul Chaturvedi was in possession of information related to the impending orders of the Big Client for the 350 front running instances.

- ix. The orders were communicated by Big Client via Bloomberg chats or telephonically via the recorded line of the broker or the mobile of the Sales Trader. It was observed that for all the orders placed by Big Client using Bloomberg, Atul Chaturvedi upfront proposed the name of scrip and direction of trade for that date. The proposal was then accepted by Big Client and instructed by Atul Chaturvedi to the dealer. Hence he was aware of the orders that Big Client might place even prior to the trade date. This provided him time to pass on the said information and to time the orders of the Chaturvedi Group for front running.
- x. The front running trades of Umang Chaturvedi were placed through his Zerodha trading account. The connection log containing internet protocol i.e. IP address and device details of the trades was obtained from Zerodha. The Internet Protocol Detail Record (IPDR) of Atul Chaturvedi was obtained from the TSP on a sample basis. Common IP addresses were observed between Umang Chaturvedi's IP details provided by Zerodha for his trades and IPDR of Atul Chaturvedi. It was, therefore, alleged that Atul Chaturvedi himself was operating the trading account of Umang Chaturvedi and was placing the trades for Umang Chaturvedi while in possession of information related to the impending orders of Big Client.
- xi. Shyam Chaturvedi and Vinod Kumar Chaturvedi opened their trading accounts around the same time i.e. May 20, 2022 and June 09, 2022 respectively. The first trade placed by Vinod Kumar Chaturvedi was on July 11, 2022 in the scrip of EPL Limited wherein he has done intra-day trading and front run the trades of Big Client. Analysis regarding the first ten trade dates for Vinod Kumar Chaturvedi (all of which are front run trades) after opening his account is as follows: -

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Table 1 : First 10 trades dates after opening account by Vinod Kumar Chaturvedi

First 10 trade dates after account opening by Vinod Kumar Chaturvedi	Scrip	Total Buy Volume	Total Sell Volume	Big Client Buy Volume while trading through Antique in same scrip	Big Client Sell Volume while trading through Antique in same scrip
11/07/2022	EPL	1100	1100	58100	0
13/07/2022	VGUARD	900	900	59200	0
15/07/2022	EPL	700	700	60300	14276
18/07/2022	ADSL	1500	1500	121100	0
19/07/2022	EPL	1000	1000	76600	0
20/07/2022	VGUARD	850	850	93800	0
22/07/2022	EPL	1000	1000	89700	0
25/07/2022	VGUARD	1200	1200	100000	0
26/07/2022	EPL	1600	1600	59000	0
27/07/2022	ADSL	2002	2002	82300	0

- xii. Similarly, the first trade placed by Shyam Chaturvedi is on May 26, 2022 in the scrip of V-GUARD IND LTD. wherein he has done intra-day trading and front run the trades of Big Client. Analysis regarding the first ten trade dates for Shyam Chaturvedi (all of which are front run trades) after opening his account is as follows: -

Table 2 : First 10 trades dates after opening account by Shyam Chaturvedi

First 10 trade dates after account opening by Shyam Chaturvedi	Scrip	Total Buy Volume	Total Sell Volume	Big Client Buy Volume while trading through	Big Client Sell Volume while trading through
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				Antique in same scrip	Antique in same scrip
26/05/2022	VGUARD	80	80	97200	50000
27/05/2022	VGUARD	100	100	37000	0
07/06/2022	EPL	550	550	56000	0
08/06/2022	EPL	550	550	27700	0
09/06/2022	VGUARD	850	850	38000	0
23/06/2022	VGUARD	770	770	30500	0
27/06/2022	VGUARD	960	960	47700	0
28/06/2022	EPL	1401	1401	45000	0
29/06/2022	VGUARD	960	960	45700	0
30/06/2022	VGUARD	1025	1025	47500	0

- xiii. It is, therefore, alleged from the above that both the trading accounts were opened specifically for front running the trades of Big Client. Further, when the investigation regarding the suspected front running began in the matter, they both closed their trading accounts in January 2024.
- xiv. Front running instances for Shyam Chaturvedi and Vinod Kumar Chaturvedi correspond to the period of COVID during which Atul Chaturvedi was intermittently working from his home in Mathura for a significant time which is the same house where these 2 noticees also stay.
- xv. There were calls between Shyam Chaturvedi and Atul Chaturvedi at the time of order placement.
- xvi. Vishvanath Goswami had admitted that he traded in his own account and the account of his late wife i.e. Preeti Goswami. It was observed that on several occasions, at the time of order placement, there was a call between Vishvanath Goswami / Preeti Goswami and

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Atul Chaturvedi. The calls are between Atul Chaturvedi (mobile No. 9xxxxxxx7) and Vishvanath Goswami (mobile Number 9xxxxxxx7) or his wife (mobile number 9xxxxxxx5).

Fund transfers

- xvii. Fund transfers were seen between Shyam Chaturvedi, Vinod Kumar Chaturvedi and Atul Chaturvedi. Moreover, several transactions were observed between Vinod Kumar Chaturvedi and Shyam Chaturvedi during June 10, 2022 and December 30, 2022. From these transactions, it is observed that several of those transactions were in connection with the trading/ front-running done by them through their trading account with Zerodha. It is alleged that Shyam Chaturvedi and Vinod Kumar Chaturvedi and Atul Chaturvedi are collectively involved in the front-running activity and distributing the profit amongst themselves earned from the front running activity. Further, certain cash deposits are also observed in the HDFC Bank account of Mr. Atul Chaturvedi from Vrindavan showing his connection with Vishvanath Goswami.

Replies and hearing

17. The Noticees did not file their replies on merit but through various correspondences they were seeking inspection of documents which were already provided alongwith SCN, cross examination of the Information Carrier, appointment of legal representatives at the time of hearing, etc. Since the Noticees adopted these dilatory tactics, an opportunity of personal hearing was scheduled on July 22, 2025 which had to be rescheduled to August 8, 2025 in order to adhere to the principles of natural justice. Then subsequently they filed replies till December 22, 2025 and availed the opportunity for personal hearings represented by their authorized representatives as detailed in the following table:-

Table 3: Details of Replies and Hearings



Noticee	Date of hearing	Date reply/Additional submissions	Name of AR
Vishvanath Goswami	August 8, 2025 September 18, 2025	July 31, 2025, August 22, 2025, September 24, 2025 and December 22, 2025	Rinku V., R.V.Legal, Advocates
Umang Chaturvedi	August 8, 2025	August 8, 2025 and August 19, 2025	Hiral Shah, Advocate
Shyam Chaturvedi	August 8, 2025	August 7, 2025 and August 18, 2025.	Amit Kumar, Advocate / Rushin Kapadia
Vinod Kumar Chaturvedi			

Consideration of Issues and findings

18. I have carefully considered the allegations made in the SCN, the replies and submissions of the Noticees and the documents such as the investigation report and the documents relied upon in the matter as well as the written / oral submissions made on behalf of the Noticees and documents submitted alongwith their replies, etc. The submissions of these Noticees contain common contentions / arguments. In the interest of brevity and to avoid repetitions, the submissions of the Noticees have been examined with regard to the allegations in the SCN. Further, as the submissions of these Noticees are quite similar / identical, these have been grouped together wherever possible to avoid repetition. All the Noticees have denied / disputed the allegations and have pleaded their *bona fide*. The Noticees have pleaded ignorance of having received the impugned non- public information about the impending orders of the Big Client.

19. Capturing the factual matrix as above, I deem it appropriate to first deal with the technical objections raised by the Noticees issue-wise before dwelling into the merits of the case.

Inspection of documents

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20. Umang Chaturvedi has contended that he was denied the inspection of documents. It is noted that during the investigation he has failed to appear before the investigating authority citing the health reasons of his son. He also failed to provide his submissions vide questionnaire sent to him during the investigation. Even during the current proceedings, inspite of receipt of SCN, he did not file reply on merits despite repeated reminders vide emails dated May 27, 2025 and July 7, 2025. On the date of personal hearing i.e July 22, 2025 he kept away and after expiry of time scheduled for hearing, again sought for time to appoint an advocate and to file reply to the SCN. Although the case was found fit to proceed *ex-parte* as prescribed in Rule 4(7) of the Adjudication Rules on sole ground that Umang Chaturvedi deliberately defaulted in submitting his reply and appearing for hearing, honoring the principles of natural justice he was granted another date for the personal hearing which was rescheduled to August 8, 2025 and conveyed to him on July 25, 2025.
21. During hearing on the scheduled date, the authorized representative of Umang Chaturvedi again sought for inspection of documents on his behalf. It was noted and informed that all the relevant and relied upon documents have already been annexed to the SCN, which was not disputed. Further, from the request it was noted and clarified that neither the rationale has been provided for seeking inspection of documents nor the list of documents sought to be inspected have been provided. Hence, the request for inspection was found to be vague, ambiguous and was just to delay the proceedings. Ld. Advocate of Umang Noticee then in all fairness did not press this request.

Cross Examination of the Information Carrier

22. Vishvanath Goswami had requested for an opportunity to cross examine Atul Chaturvedi as his statement before the IA was annexed with the SCN. It is noted that the SCN dated May 2, 2025 was delivered to the Noticee. Vide emails dated May 27, 2025, he had sought for trade and order log of the Big Client and he was accordingly informed vide email dated June 5, 2025 that the relied data has been provided with the SCN. Thereafter, personal hearings were scheduled on July 22, 2025. However, just prior to the scheduled date of



hearing, vide email dated July 20, 2025, R.V.Legal, Advocates intimated regarding their appointment as authorized representative for Vishvanath Goswami. Further vide email dated July 21, 2025 the AR for Vishvanath Goswami sought to cross examine Atul Chaturvedi as his statement which was recorded before the IA was part of the SCN. It was further noted that the Vishvanath Goswami had sought for cross examination of Atul Chaturvedi without filing his reply on merit. In this regard it is pertinent to note the ruling of the Madras High Court with regard to the Writ Petition in the matter of *Nalin Gupta Vs Commissioner of Customs*⁵ wherein it was stated “*While disposing the present Writ Appeal, we also make it clear that the question of entertaining an application for cross-examination of the witnesses without any reply on merits by a notice in a show cause proceeding is to be eschewed and should not to be allowed*”.

23. Vide email dated July 31, 2025, Vishvanath Goswami was also informed *inter alia*, that there are other circumstantial evidences which are part of SCN viz the call data records, connection with Atul Chaturvedi and also the trading pattern of the Noticee vis-à-vis the trades of the Big Client. Considering the evidences on record, the request to cross examine Atul Chaturvedi was rejected. However, the AR for Vishvanath Goswami in the personal hearings once again reiterated the request for cross examination of Atul Chaturvedi even after the same was rejected. Vishvanath Goswami, however, failed to demonstrate any prejudice caused in the absence of such cross examination. Further, the request for cross examination was vague and abrupt without giving any cogent reasons and was noted to be used as a dilatory tactic to delay the proceedings. Shyam Chaturvedi and Vinod Kumar Chaturvedi in their replies had also sought for cross examination of Atul Chaturvedi as the SCN had relied on statement of Atul Chaturvedi for sharing of non- public information. However, when the other circumstantial evidences were put forth and they were explained the charges and basis, the same was not pressed and fairly conceded by the Ld. AR of these Noticees during the personal hearing. Further, no prejudice has been caused to them in the absence of such cross examination of the information provided. This apart, when during

^{5 5} W.A.2542 of 2024 dated 07.11.2024



the hearing, it was clarified that SEBI is not relying upon statement of Atul Chaturvedi, the request to his cross- examination was not pressed.

24. Vishvanath Goswami has also made a vague attempt to contend that the SCN considers the trades as basis of allegation instead of correctly considering the orders as the basis of allegation. In this regard, I note the SCN has been issued on the basis of the orders instead of trades. For instance, the entity wise analysis at Para 5 of the SCN makes clear reference to order time range in distinction to sell/buy trade time range. Therefore, I reject this contention.

Proceedings vitiated on account of not providing order and trade log of Big Client and Order Log of entire market.

25. All the Noticees had sought the Trade Log and Order Log of the Big Client as well as order log of the entire market. The Noticees stated that SEBI has relied on the order timing data and trade logs to compare the trades of the Big client with the front running instances and by denying the trade and order log of the Big client great prejudice has been caused to them. During the personal hearings the Ld.AR for Vishvanath Goswami contended that trade log and order log of the Big Client is crucial and relevant document to prove the allegation. The Ld. AR also impressed upon this submission stating that SEBI has allowed sharing of order log and trade log of Big clients in other front running cases and that the data provided by SEBI is unclear to indicate corresponding trades. SEBI has relied on the order timing data and trade logs to compare the trades of the Big Client with the front running instances.
26. I note that the detailed analysis of the trades of the Big Client and trades of Noticees has been done in the investigation report and shared with these Noticees. The analysis clearly identifies suspicious trading patterns, such as BBS and SSB to allege front running. The complete analysis of all the 350 instances were shared with them alongwith the SCN. Further, since sharing trade logs of the Big Client is prone to misuse of the confidential information relating to its trading strategy or its trade secrets and also its counter parties,

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the request for providing order and trade log of the Big Client was not acceded to. The details forming the basis of the allegation made against the Noticees have been provided to these Noticees and they have neither denied receipt of the same nor did they question the legitimacy of the data. Accordingly, in my view, the contention that the above led to violation of natural justice is devoid of merit and cannot be accepted. It is also relevant to mention that these Noticees have not claimed trading based on their independent market research or publicly available information or different trading strategy to show any exculpatory context. This is also not a case to even suggest that other market participants were having same trading pattern. It is also not a case that their trades were miniscule as compared to their large number of trades with same frequency of trading with same pattern pre and post IP. It cannot be just a coincidence that a group of traders having connection and regular contact and communication with information carrier would trade with similar trading pattern for longer time and would abruptly stop the trading pattern when inquiry is made by SEBI.

27. Vishvanath Goswami vide email dated December 22, 2025 has also referred to Order dated September 18, 2025 passed by the Hon'ble SAT in appeal filed by Viresh Joshi before the Hon'ble SAT in order to reiterate their request for the trade log and order log of the Big client. I, however, note that Hon'ble SAT vide the said order stated, *inter alia* that, "SEBI shall re-examine and provide the details of scrip, quantum of shares traded and the time of placing the orders if not already provided". There is no direction by Hon'ble SAT to provide the trade and order log of the Big client as claimed by Vishvanath Goswami. Further, it is noted that details of the scrip, quantum of shares traded and time of placing the orders have already been provided to the Noticees in the analysis alongwith the SCN. In my view the contentions in this regard are not of much consequence and principles of natural justice are duly complied with in this case.

SEBI either to provide the entire trade /order logs based in the 'Analysis' done or SEBI ought not to rely on so called analysis made in Annexure 2 of SCN.



28. The Noticees have contended that as the trade and order log of the Big Client and Noticees had not been shared, SEBI cannot rely on the same while passing the order in the present matter. It was made clear during the proceedings that the duly analyzed data pertinent and relevant for the Noticees was provided alongwith the SCN and IR. Towards this, Vishvanath Goswami in reply dated August 20, 2025 has referred to the order of Hon'ble Supreme Court in *T.Takano vs SEBI* (Civil Appeal No.487-488 of 2022 dated February 12, 2022 and contended that it has categorically been held in the said judgement that every material that has been relied upon by SEBI while framing the charge has to be provided. It is immaterial whether that document was eventually annexed to the SCN. The so called analysis of SEBI of alleged front run trades is based on the order log and trade log of Big client and the Noticees.
29. The principle of sharing entire data has been enunciated by the Hon'ble Supreme Court in *Reliance Industries Vs. SEBI (2022) SCC Online SC 947*. Hon'ble SAT in the matter of *Chanda Kochhar vs SEBI* has held that “ *There should be absolute fair practice on part of the quasi judicial authority while conducting an enquiry. The fundamental principle is that any material which has not been brought to his notice, cannot be used against a delinquent.*” The Noticees have further contended that it is not SEBI's prerogative to pick and choose information / data to be shared with Noticees. If SEBI chooses to not share the data, then SEBI cannot rely on the same as the Noticees will not have an opportunity to make its own analysis on the data. By not providing the underlying data while relying on its own analysis of that data, SEBI is asking the Noticees to defend themselves with one hand tied behind their backs. This approach was unequivocally rejected by a Division Bench of the Hon'ble Bombay High Court in *Milind Patel v. Union Bank of India (2024 SCC OnLine Bom 745)*, which held that access to the record is a vital element of complying with principles of natural justice.
30. In this regard, it is to be noted that it is settled position about supply of documents as held by Hon'ble Supreme Court in *T. Takano* case that:



- As the purpose of disclosure of information targets both the outcome (reliability) and the process (fair trial and transparency), it would be insufficient if only the material relied on is disclosed.
- Such a rule of disclosure only holds nexus to the outcome and not the process. Therefore, as a default rule, all relevant material must be disclosed.
- It would be fundamentally contrary to the principles of natural justice if the relevant part of the investigation report which pertains to the appellant is not disclosed.
- The Noticee has to be given a reasonable opportunity of hearing.
- The requirement of a reasonable opportunity would postulate that such material which has been and has to be taken into account under Regulation 10 must be disclosed to the Noticee. If the report of the investigation authority under Regulation 9 has to be considered by the Board before satisfaction is arrived at on a possible violation of the regulations, the principles of natural justice require due disclosure of the report.

31. Further, as subsequently clarified by the Hon'ble Supreme Court in *Kavi Arora v. SEBI* (Delivered on 14-9-2022), principles of natural justice do not require the supply of documents upon which no reliance is proposed to be placed by the authority setting the law into motion. If the documents sought to be relied upon, which are the basis of issuance of SCN, have been supplied to Noticees, then courts cannot compel authorities to supply documents that are not to be considered or relied upon. In the instant proceedings the 350 instances of alleged front running trades during the investigation period which have been relied upon and are relevant have already been provided to the Noticees alongwith the SCN. Further, the Trade Log and Order Log of the Big Client is third party documents falling under the exception to rule prescribed under *T.Takano* and contains confidential information relating to its trading strategy.

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32. The ruling in the *T.Takano* is case specific. Further, I note that facts are distinguishable w.r.t order referred by Vishvanath Goswami in the matter of *Milind Patel vs Union Bank of India* (supra). It is noted that at Para 9 of the said order states that “*It is a matter of record that Union Bank did not enclose with the SCN any of the material or records based on which the allegations were levelled*”. Thus, there was asymmetry of information in the case law under reference which is not comparable with the matter under consideration as all the relevant and relied upon documents have been provided to the Noticees alongwith the SCN. Hence, the submission of the Noticees that SEBI ought not to rely on the so called analysis as the entire order logs/ trade logs have not been provided is not tenable and is rejected.

Charge not sustainable due to the settlement qua the information carrier

33. According to the Noticees the allegations in the SCN qua them cannot survive as the information carrier i.e. Atul Chaturvedi, the lynchpin of SEBI’s case who was providing the non-public information to the alleged front runners had settled the allegation without admitting or denying the allegation of information sharing to the Noticees. The charge against Noticees is interlinked and intertwined with the allegation of flow of information from said Atul Chaturvedi to the Noticees. Hence, SEBI cannot proceed against the alleged “*tippees*” unless concluding the information exchange flowing from its source i.e. Atul Chaturvedi. The outcome of the settlement orders is conclusion of SEBI without admission or denial of guilt and it has a substantial impact on the defense of the Noticees. If no charge is established against the tipper / information carrier and since everything is linked and interconnected no proceeding can sustain against the Noticees. Having settled the primary cause/charge, now it cannot be alleged that Noticees had knowledge / information about the impending orders of the Big Client from information shared by Atul Chaturvedi as alleged in the SCN.

34. It is pertinent to mention that Explanation to Regulation 8(2) of the Settlement Regulations provides that - “ *Where any proceeding is pending or to be initiated against several persons*

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but the settlement application is filed only by one or more persons, but not all, the filing of such an application shall not affect the initiation, continuation and disposal of the proceedings against the person who has not filed the application for settlement and any adverse observations made in such proceedings against the applicant shall qua the applicant be subject to the outcome of the settlement application filed by such applicant”. Hence, the proceedings could not be kept in abeyance till the final outcome of the settlement application of the information carrier.

35. It is also noted fact that the case involves a concatenation of events which had finally led to alleged front running and eventual unlawful gains. The allegations on the Noticees herein are closely interlinked, interwoven and intertwined with the allegation that the Noticees had access to the non- public information of the impending orders of the Big Client from the tipper / information carrier who had applied for settlement. A precarious situation arises in such situations when the tipper settles the allegation of information exchange without admitting. In view of the Settlement Order dated November 18, 2025, no adverse findings can be given in respect of conduct of Atul Chaturvedi as he has *suo-moto* settled ,without admitting or denying the allegations, any proceeding that could have initiated against him and the matter reaches to an obfuscated situation that the necessary link of intertwined scheme breaks and the matter has to be adjudicated based on *prima facie* and inferential allegations to arrive at final conclusions against second degree of parties. As per practice, in the settlement order, like any other settlement orders of SEBI, it is unequivocally confirmed that the settlement terms of the information carrier are settled without admitting or denying the guilt. Such orders (at Para 7) also declare that “*SEBI shall not initiate any enforcement action against the Applicants for the said violations*”. On the other hand, unless the act and conduct of the information carrier is examined; no allegation may be established against the Noticees herein.

36. Regulation 27 of the Settlement Regulations provides for answer to this situation as it allows to make necessary observations in respect of the entities who have settled the same proceedings by way of a settlement order so as to prove the act of another. Therefore, I

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cannot but reject these contentions. However, it is further clarified that any observations *qua* those Noticees who have settled the allegations against them shall not be construed to draw any adverse inference or findings against them. Further, settlement of allegations in respect of certain inter connected entities in such matters does not automatically extinguish the allegations *qua* those entities who did not file for settlement. The heinous acts of frauds cannot be allowed to be exonerated based on such technicalities.

Consideration on Merits and findings.

37. Having dealt with the scope of the front running transactions in its narrative tool for conceptual framework mapping its key requirements in light of judicial pronouncements, narrating the allegations and basis thereof and the technical objections raised by the Noticees, I now proceed to deal with the merits of the case. Apart from the wide range of statutory prohibitions under the provisions of Sections 12 A(a), (b), (c) and (e) of the SEBI Act and Regulations 3(a), 3(b), 3(c), 3(d), 4(1) with guiding and bright line tests of interpretation of Regulation 2(1)(c) of the PFUTP Regulations, I note that Regulation 4(2)(q) of the PFUTP Regulations specifically covers the acts of '*front running*' in its ambit by incorporating following two of elements for this prohibition, *viz*;

- a. Existence of non-public information regarding the substantial order of Big Client for dealing in securities; and
- b. Orders placed by a person, in advance of the order/s of the Big Client, while in possession of the said non-public information.

38. The Noticees have contented, *inter alia*, that essential ingredients are required to prove serious charge of front running *viz* Regulation 4(2)(q) and *front running* defined in Circular dated May 25, 2012 i.e.

- (a) Possession of information about substantial impending transaction in securities,



- (b) information about substantial impending transaction is not publicly available,
 - (c) order is placed by the person having information,
 - (d) usage of non-public information to directly or indirectly buy or sell securities in advance of substantial orders, on an impending transaction and in anticipation that when the information becomes public; the price of such securities or contracts may change;
- are missing in the charge.

39. They have further contested that a vague tip or a general stock suggestion does not meet this threshold of possession of specific, non-public information about a substantial impending transaction. There is no evidence that he communicated impending order in terms of specific details such as the big client's identity, the substantial quantity, the exact price range, or the precise timing of the impending order. The Hon'ble Supreme Court in *Balram Garg v. SEBI, (2022) 9 SCC 425*, has cautioned against making presumptions based on relationships alone, holding: “*merely because a person was related to the connected person cannot by itself be a foundational fact to draw an inference.*” Mere relation to Atul Chaturvedi is not a substitute for concrete evidence of communication of specific information, which SEBI has failed to provide.

40. It is settled position that there can be no hard and fast rule regarding the extent and nature of circumstantial evidence required to prove a charge of front running. The standard is of reasonable prudence to reach to a conclusion based on greater degree of preponderance of probability. In my view, when matter touches market integrity, it is my duty to further the legislative object of providing a remedy for the mischief and adopt a holistic approach rather than one which attempts to find a way to circumvent the regulatory interventions. Such case, as the present one, where allegations are pointing out at the acts of the Noticees to the detriment of market integrity, one has to look to it in a realistic manner. I am also



mindful of the fact that while examining the allegations, I must adopt the path of practicality rather than a dryly logical extreme based technical contention of the Noticees alone.

41. In *SEBI v. Kanaiyalal Baldevbhai Patel (2017) 15 SCC 1*, Hon'ble SC relying upon its own judgment in *SEBI v. Kishore R. Ajmera (2016) 6 SCC 368*, held that even though the relevant violations would invite penal consequences on the defaulters, the correct standard of proof would be that of preponderance of probabilities as opposed to proof beyond reasonable doubt. While deciding a case of insider trading which is similar to front running to the extent of communication of non-public information and trading based on the said information case about standard circumstantial evidence, Hon'ble SAT in the matter of *V.K. Kaul v. SEBI* recognised the principles laid down by the *New York District Court in States of America v. Raj Rajaratnam [2009] Cr. 1184 (RJH)* of United States District Court, Southern District of New York (decided on 11.08.2011); that regarding the issue of relevance of circumstantial evidence, based on circumstantial evidence in considering such factors as:

- a. Access to information;
- b. Relationship between the tipper and the tippee;
- c. Timing of contact between the tipper and the tippee;
- d. Timing of the trades;
- e. Pattern of the trades; and
- f. Attempts to conceal either the trades or the relationship between the tipper and the tippee.

42. The above principles are not in conflict with the regulatory framework prescribed by SEBI and can be looked into while deciding cases under the Indian regulatory framework which is similar to the United States of America's (US) regulatory system. It is pertinent to mention that in the Rajarathnam case, the US Court also held that there cannot be an absolute proof of knowledge and activity. In a different case, the US Court (2012) had observed: "*you cannot expect a tipper or tippee to voluntarily confess to passing or receiving insider information*".

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43. To be in the know of things can only be based on reasonable inferences drawn from foundational facts which can be proved based on inferential findings by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. The relations/connection amongst the parties cannot be sole criteria yet it cannot be totally ignored. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion. Applying the observations made by Hon'ble SC in ***Balram Garg v. Securities and Exchange Board of India, 2022 SCC Online SC 472***, in the facts and circumstances of that case, I note that the circumstantial evidence must be substantial and not based on surmises alone. Merely trading patterns and timing of trades may not suffice. The judgement in *Balram Garg case* does not seem to lay down rule of law of direct evidence in all cases and to unsettle the established position to prove the guilt on higher probability based on circumstantial evidence. The ruling in this case was in the context of facts and circumstances of the case.
44. With the large number of variables in the capital markets – technology, instruments, processes, etc., there is a constant need for the law to catch up with the market. In these situations, the law has to be flexibly interpreted and interpretations given to it by Courts cannot be strictly deciphered as the language of a statute. The interpretations though could act as guiding factor but could be relevant in the facts and circumstances of a case. Such observation also came to be made by Hon'ble SC in the context of its judgements in the matter of ***Axis Bank limited v. Vidarbha Industries Power Limited [Review Petition (Civil) No. 1043 of 2022 In Civil Appeal No. 4633 of 2021]*** wherein it observed as following: - *“It is well settled that judgments and observations in judgments are not to be read as provisions of statute. Judicial utterances and/or pronouncements are in the setting of the facts of a particular case. To interpret words and provisions of a statute, it may*



become necessary for the Judges to embark upon lengthy discussions. The words of Judges interpreting statutes are not to be interpreted as statutes.”

45. Subsequently, while dealing with this ruling in **Ameen Khwaja Vs SEBI**, Hon’ble SAT held that in that case there were facts countering such expectations. There was disruption in the joint family in view of two partitions / family settlements, the parties residing separate from each other and further trading pattern of Shivani Gupta was running counter to the probabilities of having nonpublic information with her. Highlighting those facts, the Hon’ble SC upheld the case of Balram Garg and Shivani Gupta and others. It clearly shows that SC ruling in Balram Garg case is not laying down general rule of law. If the facts, on preponderance of probability suggest no communication, corroborating evidence is desirable. Where, in the facts and circumstances, however, it is shown on preponderance of probabilities that tippees had received the non –public information, it would be sufficient to bring home the charge. Thus, it has to be determined based on preponderance of probabilities as to whether these Noticees had received non –public information about impending trades of the Big Client from the information carrier and traded or allowed Vishvanath Goswami or information carrier to place orders in their accounts, while in possession of said non-public information, to generate abnormal profit for them as alleged in the SCN.

Information holder/ Carrier of Non-public information

46. In this case, indubitably, the orders of the Big Client have been received by Antique where Atul Chaturvedi was one of the Sales Trader giving instructions to dealers for punching the orders. While placing orders through Antique, the Big Client interacted mainly with four individuals from Antique during 2022 and 2023 viz Atul Chaturvedi, Ashish Maheshwari, Kumar Shah and Shounak Pal. The designated place for the dealer and the sales trader is in the dealing room of Antique and the role of the dealer is to place buy or sell orders based on clients instruction in real time as per the instruction from the Sales Trader and to provide feedback to the Sales Trader on volume patterns of various stocks. The role of the Sales

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Trader is to interact with the clients, execute the buy and sell orders on behalf of the clients and coordinate with the dealers on the order execution of the clients. Therefore, the Sales Trader is aware of the impending orders of the clients that were to be punched by the dealer.

47. Atul Chaturvedi was the Sales Trader for 348 instances out of 350 instances of front running identified by NSE. For other 2 instances, Kumar Shah was the Sales Trader. Even for these 2 instances, Atul Chaturvedi was aware of the impending orders of the Big Client as explained below: -

(a) For the order dated April 29, 2022 in the scrip JTLINFRA, Atul Chaturvedi spoke with Kumar Shah at 09:41:47 which is shortly before Umang Chaturvedi's order was placed at 09:56:36; and

(b) For the second order dated date June 05, 2023 in the scrip MAZDOCK wherein Umang Chaturvedi has earned a profit of Rs. 1090/-, Atul Chaturvedi was in office on that day.

48. For all the above orders placed by Big Client using Bloomberg, Atul Chaturvedi upfront proposed the name of scrip and direction of trade for that date. The proposal was then accepted by the Big Client and then instructed by Atul Chaturvedi to the dealer. Certain excerpts of the Bloomberg chats are as follows: -

Example 1-

“....
10/11/2022 08:19:32 *** ATUL CHATURVEDI (ANTIQUA STOCK BROKING LTD) posted:
Please check if we can long {JYL IN EQUITY}
10/11/2022 08:19:49 *** KAVISH KATARIA (SG SECURITIES (HK) LTD.) posted: OK”
....”

Example 2-

“....
04/20/2023 04:20:46 *** ATUL CHATURVEDI (ANTIQUA STOCK BROKING LTD) posted:
Trying to call pls, pls check if we can short ICEM with day sl

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04/20/2023 04:20:53 *** KAVISH KATARIA (SG SECURITIES HK LTD) posted: ok
....”

Example 3-

“

02/21/2023 09:35:27 *** ATUL CHATURVEDI (ANTIQUÉ STOCK BROKING LTD) posted: Inv
in {EPLL IN EQUITY} pls

02/21/2023 09:36:04 *** KAVISH KATARIA (SG SECURITIES (HK) LTD.) posted: 102800

02/21/2023 09:36:25 *** ATUL CHATURVEDI (ANTIQUÉ STOCK BROKING LTD) posted: Ok pls
....”

49. Thus, it is evident that Atul Chaturvedi was aware of the orders that the Big Client might place even prior to the trade date. I, therefore, find that Atul Chaturvedi was in possession of the non-public information related to the impending orders of the Big Client for the 350 instances. The information about all these impending orders of the Big Client was exclusively within knowledge of the Big Client, Sales Traders and dealers in Antique and was not disseminated to public till orders were placed in the system. Thus, the said information about substantial impending transaction of the Big Client was not publicly available until the orders were placed by the dealers.

Information flow to the Noticees.

50. It has been alleged that the impugned non- public information moved from Atul Chaturvedi to Vishvanath Goswami, Shyam Chaturvedi and Vinod Kumar Chaturvedi.

51. Atul Chaturvedi has close relations with Umang Chaturvedi, Shyam Chaturvedi, and Vinod Kumar Chaturvedi and all stay at the same place at same address during the relevant period. Atul Chaturvedi also traded using the trading account of Umang Chaturvedi. As mentioned above, even in respect of 2 trades of the Big Client wherein Atul Chaturvedi was not Sales Trader, in one trade, which was allegedly front run by Umang Chaturvedi, he had spoken with dealer Kumar Shah shortly before Umang Chaturvedi’s order was placed and in respect of other he was in office of Antique on that day.

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52. Vinod Kumar Chaturvedi has contended that his nephew i.e. Shyam Chaturvedi has used his trading account / bank accounts for the impugned trades. However, he has not provided any cogent evidence to prove this claim. It is noted that the trading accounts of Shyam Chaturvedi and Vinod Kumar Chaturvedi both were opened around the same time i.e. May 20, 2022 and June 9, 2022, respectively. It is intriguing to note that when SEBI's investigation regarding the suspected front running began in the matter, both these trading accounts were closed in January 2024.
53. In view of the above, it can reasonably be inferred that Atul Chaturvedi was in direct contact with Umang Chaturvedi, Shyam Chaturvedi, and Vinod Kumar Chaturvedi at the relevant times when he was in possession of the non-public information about impending orders of the Big Client.
54. The factors other than relation and common place of stay such as Atul Chaturvedi being aware of the impending orders that the Big Client might place; even prior to the trade date, opening and closing of trading accounts by Shyam Chaturvedi and Vinod Kumar Chaturvedi as above, clearly suggest a plan with active involvement of Atul Chaturvedi and not only in being direct contact but also instrumental in providing information so as to enable placement of orders of the Chaturvedi Group.
55. Further, on several occasions at the time of order placement, there was a call between Vishvanath Goswami / Preeti Goswami and Atul Chaturvedi. Although Vishvanath Goswami has contended that Atul Chaturvedi was his friend, hence co-relating few calls with front running trades is farfetched and devoid of merits. Further, out of the 59 instances of alleged front run trades, there were purported calls only on 28 instances. Although the contention of Vishvanath Goswami may sound attractive at first blush, the fact that 28 calls were made during the investigation period between Atul Chaturvedi and Vishvanath Goswami / Preeti Goswami within close proximity of time of trades the preponderance of



probability shifts in favour of allegation that there was sharing of non -public information through calls between information carrier and Vishvanath Goswami / Preeti Goswami.

56. Coupled with above factors, the involvement of Atul Chaturvedi in trading of these Noticees clearly demonstrates strong preponderance of probability that Atul Chaturvedi passed on the information to these Noticees so that they could place orders ahead of the orders of the Big Client or at least he used these Noticees for such from running of trades with their active aid and support. In either case, these Noticees cannot escape liability.

Trades of Vishvanath Goswami

57. There is no denial that Vishvanath Goswami traded in his own account and the account of his late wife and it was also noted that on several occasions, at the time of order placement, calls were placed between Atul Chaturvedi (mobile No. 9324612057) and Vishvanath Goswami (mobile Number 9837088837) or his wife Preeti Goswami (mobile number 9634986055). Several such instances on a sample basis are as follows:-

Table 4 : Sample of Calls between Vishvanath, Preeti Goswami and Atul Chaturvedi

Date	Scrip	Name of FR	Buy order start time	Sell order start time	Time of Call1	Time of Call2	Time of Call 3	Time of Call 4	Call between Atul Chaturvedi and Vishvanath Goswami Preeti Goswami
27/05/2022	VGUARD	Preeti	15:11:05	15:12:52	15:09:24	15:11:07	15:15:27	15:17:01	Preeti
01/06/2022	IIFL	Preeti	15:15:26	15:20:48	15:11:44	15:15:27	15:18:48	15:20:42	Preeti for call 1 & 2 and Vishvanath for Call 3 & 4
07/06/2022	EPL	Preeti	15:06:21	15:11:32	15:04:27	15:10:57			Preeti
04/07/2022	VGUARD	Preeti	15:10:53	15:17:07	15:05:32				Vishvanath

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Date	Scrip	Name of FR	Buy order start time	Sell order start time	Time of Call1	Time of Call2	Time of Call 3	Time of Call 4	Call between Atul Chaturvedi and Vishvanath Goswami Preeti Goswami
	VGUARD	Vishvanath	15:06:15	15:16:19					
06/07/2022	EPL	Vishvanath	14:50:10	15:04:11	14:48:52	15:23:49			Vishvanath
	EPL	Preeti	14:49:36	15:03:49					
	PNCINFRA	Preeti	15:18:04	15:20:41					
	PNCINFRA	Vishvanath	15:18:45	15:21:40					
12/08/2022	VGUARD	Vishvanath	14:55:25	15:14:28	14:53:51			Vishvanath	
29/08/2022	PNCINFRA	Vishvanath	14:52:18	15:08:42	14:51:18	15:08:07			Vishvanath
	KALPATPO WR	Vishvanath	15:16:02	15:21:29					
13/09/2022	SPARC	Vishvanath	14:45:28	13:44:27	13:43:07	14:50:22	19:14:04		Vishvanath
02/11/2022	VGUARD	Vishvanath	14:34:07	14:47:13	14:32:06	14:33:39			Vishvanath
21/02/2023	EPL	Vishvanath	15:11:30	15:08:59	08:58:28	15:07:57			Vishvanath

58. It can not be just a coincidence that several such calls between Atul Chaturvedi and Vishvanath Goswami/his wife were normal calls for tips in other scrips as claimed when such repeated calls are in close proximity of front running trades. Hence, I hold that Atul Chaturvedi was sharing information about the impending orders of Big Client with Vishvanath Goswami/ his wife for him to trade in his own account / wife's trading account.

Trades of Umang Chaturvedi

59. There is no denial of the fact that Atul Chaturvedi has traded in the account of Umang Chaturvedi. In his submissions dated August 5, 2025, Umang Chaturvedi has again stated that all the trades in his name were carried out solely by Atul Chaturvedi. The alleged front running trades of Umang Chaturvedi, were placed through his trading account with Zerodha. The following IPDR obtained from TSP and IP details obtained from Zerodha

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show common IP addresses between Umang Chaturvedi's IP details for his trades and IPDR of Atul Chaturvedi :-

Table 5 : IP Details

S.No.	Date	Common IP observed between IPDR of Atul Chaturvedi and IP details of Umang Chaturvedi's
1	29/07/2022	223.189.51.146
2	12/10/2022	223.189.47.126
3	13/10/2022	223.184.248.110
4	27/10/2022	106.194.220.94
5	01/11/2022	106.209.178.13
6	02/11/2022	106.207.167.30
7	21/02/2023	171.77.152.85
8	22/02/2023	171.77.152.85
9	08/05/2023	171.51.208.215

60. Besides, the e-mail id of Atul Chaturvedi's wife i.e. Urvashi Chaturvedi urvashi2283@gmail.com was linked to the trading account of Umang Chaturvedi on which all the contract notes were received. Further, Google has also confirmed that the recovery e-mail for the said e-mail account is the email id of Atul Chaturvedi i.e. atulgchaturvedi@gmail.com and the mobile number linked to the e-mail id is Urvashi Chaturvedi's mobile number. Also the said email id of Urvashi Chaturvedi is linked with her HDFC Bank account.

61. Hence, it is evident that Atul Chaturvedi was himself operating the trading account of Umang Chaturvedi and was placing the trades of Umang Chaturvedi while in possession of the non-public information. However, Umang Chaturvedi cannot escape liability for



deliberately allowing his trading account to be used for fraudulent trading by front running the trades of the Big Client.

Trades of Shyam Chaturvedi and Vinod Kumar Chaturvedi

62. The alleged front running trades of Shyam Chaturvedi and Vinod Kumar Chaturvedi correspond to the period of Covid during which Atul Chaturvedi was intermittently working from his home in Mathura for a significant time which is the same house where these noticees were also residing. Further, there were calls between Shyam Chaturvedi (Mobile no. 9917154555) and Atul Chaturvedi (Mobile No. 9324612057) at the time of order placement which are as following:-

Table 6 : Calls between Shyam Chaturvedi and Atul Chaturvedi

Date	Scrip	Name of FR	Buy order start time	Sell order start time	Time of Call
27/05/2022	VGUARD	SHYAM CHATURVEDI	15:09:06	15:10:33	15:07:07
07/06/2022	EPL	SHYAM CHATURVEDI	15:09:37	15:15:15	15:12:44
08/06/2022	EPL	SHYAM CHATURVEDI	15:03:48	15:07:33	15:02:54
07/10/2022	EPL	SHYAM CHATURVEDI	13:04:32	12:25:33	12:24:36
27/10/2022	SPARC	VINOD KUMAR CHATURVEDI	14:12:17	14:04:42	13:56:23
	SPARC	SHYAM CHATURVEDI	14:12:07	14:04:05	
	NUVOCO	VINOD KUMAR CHATURVEDI	14:54:58	14:44:27	
	NUVOCO	SHYAM CHATURVEDI	14:56:31	14:43:56	

63. These facts suggest strong preponderance of probabilities that these Noticees had received non-public information about impending trades of the Big Client from the information carrier i.e. Atul Chaturvedi.

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64. Vishvanath Goswami and Shyam Chaturvedi have contended, *inter alia*, that they were under the bona fide belief that the scrips suggested by Atul Chaturvedi was based on his own research and experiences. Trades executed by these Noticees were under same *bona fide* belief and hence alleged violation cannot be attributed to them. Noticees neither had information nor were aware about impending orders of the Big Client. Atul Chaturvedi had never communicated impending orders in terms of price time quantity or otherwise. He used to suggest the scrip to be traded in the form of '*TIP*'. They were clueless as to the trades executed by him was a front run to the orders of the big client. It appears that Atul Chaturvedi was the only one who had information about the upcoming order of the Big Client and he never imparted this information to the Noticees. SEBI has not provided conversations which has taken place and hence it cannot be said that the Noticees received information about impending orders from Atul Chaturvedi. Hence trades executed by the Noticees cannot be called as front run trades.
65. Vinod Kumar Chaturvedi has contended that the trades were not executed by him from his account but by his nephew i.e. Shyam Chaturvedi and he had no knowledge nor was he aware that his nephew was undertaking trading activities using his account. Atul Chaturvedi alone had access to information regarding the upcoming orders of the big client, and at no point was any such information ever shared with or made known to him. He has further stated that his calls with the information carrier i.e. Atul Chaturvedi was due to their relationship of uncle and nephew. According to him, these calls cannot be said to be related to the front running activity as alleged.
66. The Noticees have not denied that they have traded based on the information received from Atul Chaturvedi. In fact, they have acknowledged to having received 'tips' from the tipper, the only defence being they were unaware that this was confidential non- public information with regard to the trades of the Big Client. The Noticees, however, fail to show if any other 'tips' they had ever received from Atul Chaturvedi and traded based on such 'tips'. Moreover, such tipping is not a routine permitted activity as claimed. Vishvanath



Goswami and Shyam Chaturvedi both are educated enough to understand the role and responsibility of Atul Chaturvedi and that of their own. The Noticees have failed to show any other instance of similar trading by them based on claimed “tips” by Atul Chaturvedi. I reject such evasive contentions summarily.

67. I further note that on the one hand the Noticees claim that they were unaware that the information given by Atul Chaturvedi was regarding the trades of the Big client, on the other hand they admit to have been tipped by said information carrier which was instrumental in their trades. Such shifting stands cannot be allowed to be raised in enforcement proceedings. It is settled position that Noticees cannot be permitted to approbate and reprobate on the same facts and take inconsistent shifting stands. After all, quasi-judicial proceeding is not a game of chess and it cannot be allowed to prevaricate and take inconsistent positions.

68. The facts and circumstances as brought out in IR and above findings clearly bring out that the access of non-public information by these Noticees and their trading was while in possession of said non- public information is established based on several factors such as their relation /connection with information carrier, timing of contact amongst them proximity of call to their trades and commonality of substantial trades of these Noticees. Hence, these circumstantial evidences do prove that the Noticees had received non-public information from Atul Chaturvedi and traded ahead of impending orders of the Big Client. The foundation is, thus, clear that the alleged front running by these Noticees were on the basis of information exchange regarding non-public information from the information carrier to them.

Trading of the Noticees

69. The trades impugned in the SCN have not been disputed. The Noticees have, however, contended that the SCN has failed to prove *substantiality* of impending orders. SEBI has not defined what is *substantial* in any of its Act, Rules or Regulations. Accordingly, one



way to ascertain *substantiality* could be the impact of an order on the price of the security i.e. the variation in the price of that security once an order is placed by a big client. SEBI has repeatedly alleged that Big Client 's orders were "*substantial*" but has provided no objective analysis to support this claim. SEBI has admittedly not conducted any "impact analysis" in this case. Further, without the underlying order logs, impending orders, buy patch volume, sell patch volume, the basis for arriving at the 10% and 50% substantiality cannot be verified. Such allegation based on an unverifiable summary is flawed and faulty. SEBI in another case had provided in the SCN a detailed impact analysis of big client orders, detailed analysis whether trades are substantial or not when compared with the previous days traded quantity and with average daily traded quantity in preceding 6 months. The Noticees have also contended that the price impact analysis is missing.

70. The contentions raised by the Noticees is not consistent with legal and factual basis. It is to be noted that each investigating authority gathers and analyses the data based on the facts and available data in each case. There is no strait jacket formula used, instead each case requires unique judgment because people (or circumstances) are complex and different. The fundamental reason why no numerical threshold is mentioned in the relevant provision of the PFUTP Regulations, is because the test of substantiality of order in front running cases is not determined by comparison with market share in isolation, but by evaluating whether the client's trades were of such a nature that they could be reasonably expected to impact price discovery or create an opportunity for unlawful gain by a person in possession of that information. The test will be potential impact on the price. Comparative size with a traded volume could be one of the parameters, which again is dependent on the nature of the market whether it is liquid or illiquid or volatile or stable. I note that it is essential that such test is based on whether the front runner could exploit the information which has the potential to impact the price to his advantage, which inherently considers the timing, size, liquidity, volatility conditions, and market sensitivity of the trades in question.
71. The Noticees miss the point that in order to provide an allegation of front running what is essential is the placement of the orders of the alleged front running trade prior to the placement of the impending order of the Big Client in anticipation that post the execution



of the order of the big client, it may impact the price of the security in which the order was placed by the Big Client. Thus, whether or not there was any impact of the order of the Big Client is immaterial. What is material, is the timing of the placement of the order of the alleged front runner vis-à-vis the order of the Big Client. Similarly, with respect to substantiality, the same will depend not only on the securities in question but also on a host of factors associated with the securities in general like the liquidity of the scrip, corporate announcements made, etc. Further, the term substantial is a very relative concept. Therefore in case of front running, the focus is on the timing of the placement of the order of the alleged front runner vis-a-vis the order of the Big Client and the materiality is attached to the fact that the said order of the alleged front runner was placed based on the non-public information of the impending order of the Big Client which the alleged front runner in his assessment had perceived it to be substantial and had anticipated that it will lead to a price movement in that particular scrip, post execution of the impending order of the Big Client. Hence, substantiality of the impending order of the Big Client is only one of the factors that has to be examined along with other essential requirements of establishing a charge of front running, as discussed in preceding paragraphs and post the cumulative analysis of all the factors, a finding with respect to front running has to be arrived at. In any case, the materiality and impact on the scrip is evident from the fact that the front run trades have ended up generating profits.

72. In the instant case, it is to be noted that the Big Client is an FPI whose trades are substantial in terms of its potential as well as actual price impact and this has been considered also substantial as corroborated by the behavior of the timing and the Noticees higher trading during the front running instances and executing trades with high matching percentages. This pattern is sufficient to hold that the Noticees considered these trades as substantial and exploitable thus negating the Noticees' claim to the contrary. Therefore, the Noticees' argument that the SCN does not provide impact of big client's order on price of the security and substantiality of big client order vis-a-vis the market, in the facts and circumstances of the case, is misplaced. Accordingly, the contentions in this regard are rejected.



73. Admittedly, total number of instances of trading of the Chaturvedi Group entities on NSE was 3876 during the IP. Common intraday instances are those instances which are intraday instances and have the same scrip as that of Big Client. Out of 3876 total instances, 2281 were common intraday instances i.e. around 60% of the total instances were those where the Chaturvedi Group entities have done intra-day trading in the same scrip as that of the Big Client. Out of the 350 instances of front running trades, for 347 instances, the percentage contribution of the Big Client to the market volume, during the time period between start of placement of orders (order start time) and end of execution of trades (trade end time) was more than 10%. Further, for 281 front running instances, the Big Client's contribution to the market volume was more than 50%. Thus, the orders of Big Client were of *substantial* quantity that likely impacted the price of scrip upon their placement.

74. I note from the IR/SCN that apart from *substantiality* of the trades of the Big Client as noted above, several factors have been examined to show substantiality of front running transactions of the Noticees as compared to their normal trades. Such trading pattern clearly shows amiss and planned connivance with a design and purpose. Such design and purpose is certainly to earn unlawful gains by defeating and disturbing the established tenets of market forces.

Comparison of front running instances.

75. I note from the IR/SCN that Average Gross Traded Value (GTV) for front running instances of each of the Noticees increased substantially in comparison to their total trading instances. A comparison of the front running instances with the total number of instances of the Noticees is shown as follows: -

Table 7: Comparison of front running instances

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



Client Name	Total Instances				Front Running instances				Comparison	
	No. of Instance (a)	GTV (Lacs) (b)	Avg. per instance GTV (Lacs) (c=b/a)	Profit (Lacs) (d)	No. of Instance (e)	GTV (Lacs) (f)	Avg. per instance GTV (Lacs) (g=f/e)	Profit (Lacs) (h)	Avg GTV for FR instances as a % of Avg GTV for total instances (i=g/c*100)	Profit in FR instances as a % of Total Profit (j=h/d*100)
Preeti	175	3,123.75	17.85	18.91	34	1,606.50	47.25	15.35	264.71	81.19
Vishvanath	899	19,439.99	21.62	78.05	59	7,109.35	120.50	55.62	557.35	71.26
Shyam	94	1,479.59	15.74	10.41	61	1,204.09	19.74	10.74	125.41	103.18
Umang	2,241	23,785.72	10.61	19.08	109	2678.53	24.57	19.82	231.57	103.88
Vinod	57	852.78	14.96	7.11	47	761.55	16.20	6.93	108.29	97.50

76. It is noted that for Vishvanath Goswami who had earned highest profit by front running, the average GTV for front running instances is 557% of the Average GTV of total instances. Thus, the exposures taken by Chaturvedi Group entities while front running the trades of the Big Client far exceeded the exposure taken while not indulging in front running activity. Moreover, the front run instances as a percentage of total profit for Shyam Chaturvedi, Vinod Kumar Chaturvedi and Umang Chaturvedi during the IP is 103.18%, 97.5% and 103.88% respectively i.e. these Noticees would have incurred a loss for their non-front running instances combined.

Noticee-wise trade impact analysis.

77. Noticee-wise analysis with illustrations of the front running trades is noted as following: -

- a) **Vishvanath Goswami**: A total of 59 instances of front running trades consisting of 50 instances of BBS (*FR Buy- Big Client Buy – FR Sell*) and 9 instances of SSB SSB (*FR Sell – Big Client Sell – FR Buy*) as illustrated in the following tables:-

Table 8 : Illustration of SSB Pattern - Order Timing

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



Date	Security Name	FR Sell		Big Client Sell		FR Buy	
		Sell order start time	Sell Trade Start Time	Sell order start time	Sell Trade Start Time	Buy order start time	Buy Trade Start Time
16/09/2022	JYOTHYLAB	11:34:57	11:34:57	11:56:02	11:56:12	12:13:11	12:24:09
12/10/2022	KALPATPOWR	13:34:33	13:34:33	14:25:52	14:25:52	14:41:04	14:44:17
07/11/2022	EPL	13:19:10	13:25:45	13:45:06	13:45:16	14:10:26	14:15:40

Table 9: Illustration of SSB - Quantity Matched

Date	Security Name	FR Sell	Big Client Sell		FR Buy	FR Buy Qty Match with Big Client (%)	Profit of FR
		Sell Trade Qty	Buy Traded Qty	Sell Trade Qty	Buy Qty		
16/09/2022	JYOTHYLAB	45,886	-	1,34,000	45,886	100	1,61,470.00
12/10/2022	KALPATPOWR	24,255	-	1,05,000	24,255	100	2,44,166.35
07/11/2022	EPL	61,347	-	1,76,000	61,347	95.65	1,68,545.95

Table 10: Illustration of BBS Pattern - Order Timing

Date	Security Name	FR Buy		Big Client Buy		FR Sell	
		Buy order start time	Buy Trade Start Time	Buy order start time	Buy Trade Start Time	Sell order start time	Sell Trade Start Time
25/10/2022	VGUARD	14:48:13	14:50:43	15:04:08	15:04:28	15:09:26	15:10:13
02/11/2022	VGUARD	14:34:07	14:34:07	14:36:11	14:36:18	14:47:13	14:50:12
10/02/2023	EPL	12:35:57	12:46:07	12:59:29	12:59:31	13:08:48	13:30:43

Table 11 : Illustration of BBS - Quantity Matched

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



Date	Security Name	FR Buy	Big Client Buy		FR Sell	FR Sell Qty Match with Big Client (%)	Profit of FR
		Buy Qty	Buy Traded Qty	Sell Trade Qty	Sell Trade Qty		
25/10/2022	VGUARD	17,763	1,37,300	-	17,763	100	1,14,506
02/11/2022	VGUARD	22,989	1,80,100	-	22,989	100	74,513.95
10/02/2023	EPL	10,604	1,02,800	-	10,604	100	24,160.9

b) **Preeti Goswami (wife of Vishvanath Goswami)** : A total of 34 instances of front running trades consisting of BBS only as illustrated in the following tables:-

Table 12: Illustration of BBS Pattern- Order Timing

Date	Security Name	FR Buy		Big Client Buy		FR Sell	
		Buy order start time	Buy Trade Start Time	Buy order start time	Buy Trade Start Time	Sell order start time	Sell Trade Start Time
07/06/2022	EPL	15:06:21	15:06:21	15:17:12	15:17:12	15:11:32	15:17:12
29/06/2022	VGUARD	15:08:10	15:08:10	15:19:38	15:19:38	15:18:34	15:19:38
25/04/2022	INDOSTAR	15:21:50	15:22:37	14:49:06	14:49:06	15:23:24	15:24:21
29/07/2022	PTC	14:52:00	14:52:20	15:10:19	15:10:19	15:09:05	15:10:19
01/08/2022	EPL	14:48:25	14:52:43	15:23:17	15:23:17	15:18:48	15:23:17

Table 13: Illustration of BBS Pattern-Quantity Matched

Date	Security Name	FR Buy	Big Client Buy		FR Sell	FR Sell Qty Match with Big	Profit of FR
		Buy Qty	Buy Traded Qty	Sell Trade Qty	Sell Trade Qty		

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



						Client (%)	
07/06/2022	EPL	28,733	56,000	-	28,733	100	1,06,943.55
29/06/2022	VGUARD	15,000	45,700	-	15,000	100	48,507.05
25/04/2022	INDOSTAR	2,000	35,000	-	2,000	100	6,000
29/07/2022	PTC	41,863	2,76,000	-	41,863	99.41	96,100.25
01/08/2022	EPL	21,795	76,000	-	21,795	100	95,973.90

- c) **Umang Chaturvedi**: A total of 109 instances of front running trades consisting of 89 instances of BBS and 20 instances of as illustrated in the following tables:-

Table 14: Illustration of SSB Pattern - Order Timing

Date	Security Name	FR Sell		Big Client Sell		FR Buy	
		Sell order start time	Sell Trade Start Time	Sell order start time	Sell Trade Start Time	Buy order start time	Buy Trade Start Time
12/10/2022	KALPATPOWR	13:12:24	13:12:27	14:25:52	14:25:52	14:36:05	14:44:17
27/10/2022	NUVOCO	14:28:16	14:28:33	14:41:17	14:41:37	14:56:40	14:58:40
01/11/2022	JYOTHYLAB	12:10:26	12:10:41	13:19:40	13:19:40	14:02:57	14:07:37

Table 15: Illustration of SSB - Quantity Matched

Date	Security Name	FR Sell	Big Client Sell		FR Buy	FR Buy Qty Matchwith Big Client (%)	Profit of FR
		Sell Trade Qty	Buy Traded Qty	Sell Trade Qty	Buy Qty		
12/10/2022	KALPATPOWR	16,500	0	1,05,000	16,500	100	1,06,672.00
27/10/2022	NUVOCO	9,884	0	49,500	9,884	100	1,19,389.60
01/11/2022	JYOTHYLAB	10,000	0	2,10,000	10,000	80.53	59,572.35

Table 16: Illustration of BBS Pattern - Order Timing

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



<u>Date</u>	<u>Security Name</u>	<u>FR Buy</u>		<u>Big Client Buy</u>		<u>FR Sell</u>	
		Buy order start time	Buy Trade Start Time	Buy order start time	Buy Trade Start Time	Sell order start time	Sell Trade Start Time
02/11/2022	VGUARD	14:18:14	14:18:14	14:36:11	14:36:18	14:47:26	14:54:17
20/10/2022	SPARC	14:53:34	14:53:59	15:09:11	15:09:19	15:14:48	15:15:34
25/10/2022	VGUARD	14:23:38	14:23:38	15:04:08	15:04:28	15:09:41	15:10:13

Table 17: Illustration of BBS - Quantity Matched

<u>Date</u>	<u>Security Name</u>	<u>FR Buy</u>	<u>Big Client Buy</u>		<u>FR Sell</u>	<u>FR Sell Qty Match with Big Client (%)</u>	<u>Profit of FR</u>
		Buy Qty	Buy Traded Qty	Sell Trade Qty	Sell Trade Qty		
02/11/2022	VGUARD	10,000	180100	-	10,000	100	38,310.8
20/10/2022	SPARC	10,000	70,000	-	10,000	100	70,893.20
25/10/2022	VGUARD	7,000	1,37,300	-	7,000	100	85,346.90

d) **Shyam Chaturvedi**: A total of 61 instances of front running trades consisting of 52 instances of BBS and 9 instances of SSB as illustrated in the following tables:-

Table 18 : Illustration of SSB Pattern - Order Timing

<u>Date</u>	<u>Security Name</u>	<u>FR Sell</u>		<u>Big Client Sell</u>		<u>FR Buy</u>	
		Sell order start time	Sell Trade Start Time	Sell order start time	Sell Trade Start Time	Buy order start time	Buy Trade Start Time
16/09/2022	JYOTHYLAB	11:26:39	11:26:40	11:56:02	11:56:12	12:21:01	12:24:09
12/10/2022	KALPATPOWR	13:23:10	13:28:33	14:25:52	14:25:52	14:36:47	14:37:52
01/11/2022	JYOTHYLAB	12:46:03	12:46:14	13:19:40	13:19:40	14:04:27	14:07:37

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



Table 19: Illustration of SSB - Quantity Matched

Date	Security Name	FR <u>S</u> ell	Big Client <u>S</u> ell		FR <u>B</u> uy	FR Buy Qty Match with Big Client (%)	Profit of FR
		Sell Trade Qty	Buy Traded Qty	Sell Trade Qty	Buy Qty		
16/09/2022	JYOTHYLAB	12,335	-	1,34,000	12,335	100	47,915.40
12/10/2022	KALPATPOWR	6,100	-	1,05,000	6,100	99.84	67,159.25
01/11/2022	JYOTHYLAB	20,000	-	2,10,000	20,000	100	1,41,903.55

Table 20: Illustration of BBS Pattern - Order Timing

Date	Security Name	FR <u>B</u> uy		Big Client <u>B</u> uy		FR <u>S</u> ell	
		Buy order start time	Buy Trade Start Time	Buy order start time	Buy Trade Start Time	Sell order start time	Sell Trade Start Time
20/10/2022	SPARC	14:59:23	15:00:33	15:09:11	15:09:19	15:16:21	15:19:12
25/10/2022	VGUARD	14:41:16	14:41:16	15:04:08	15:04:28	15:09:19	15:10:13
02/11/2022	VGUARD	14:24:44	14:26:17	14:36:11	14:36:18	14:47:08	14:50:12

Table 21: Illustration of BBS - Quantity Matched

Date	Security Name	FR <u>B</u> uy	Big Client <u>B</u> uy		FR <u>S</u> ell	FR Sell Qty Match with Big Client (%)	Profit of FR
		Buy Qty	Buy Traded Qty	Sell Trade Qty	Sell Trade Qty		
20/10/2022	SPARC	2,451	70,000	-	2,451	0	12,303.65
25/10/2022	VGUARD	12,001	1,37,300	-	12,001	100	98,332.60
02/11/2022	VGUARD	9,000	1,80,100	-	9,000	100	35,021.55

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



- e) **Vinod Kumar Chaturvedi**: A total of 47 instances of front running are observed during the IP consisting of 38 instances of BBS and 9 instances of SSB as illustrated in the following tables:-

Table 22: Illustration of SSB Pattern - Order Timing

Date	Security Name	FR <u>S</u> ell		Big Client <u>S</u> ell		FR <u>B</u> uy	
		Sell order start time	Sell Trade Start Time	Sell order start time	Sell Trade Start Time	Buy order start time	Buy Trade Start Time
13/09/2022	SPARC	13:27:45	13:27:45	13:30:54	13:30:54	14:30:10	15:00:11
16/09/2022	JYOTHYLAB	11:27:15	11:27:15	11:56:02	11:56:12	12:20:49	12:24:09
01/11/2022	JYOTHYLAB	12:45:52	12:46:37	13:19:40	13:19:40	14:05:09	14:07:37

Table 23: Illustration of SSB - Quantity Matched

Date	Security Name	FR <u>S</u> ell	Big Client <u>S</u> ell		FR <u>B</u> uy	FR Buy Qty Match with Big Client (%)	Profit of FR
		Sell Trade Qty	Buy Traded Qty	Sell Trade Qty	Buy Qty		
13/09/2022	SPARC	7,535	-	93,100	7,535	100	23,985.50
16/09/2022	JYOTHYLAB	8,874	-	1,34,000	8,874	100	34,114.65
01/11/2022	JYOTHYLAB	9,500	-	2,10,000	9,500	100	66,004.50

Table 24: Illustration of BBS Pattern - Order Timing

Date	Security Name	FR <u>B</u> uy		Big Client <u>B</u> uy		FR <u>S</u> ell	
		Buy order start time	Buy Trade Start Time	Buy order start time	Buy Trade Start Time	Sell order start time	Sell Trade Start Time
20/10/2022	SPARC	14:59:41	15:01:10	15:09:11	15:09:19	15:15:11	15:15:34
25/10/2022	VGUARD	14:42:05	14:44:59	15:04:08	15:04:28	15:09:12	15:10:13
02/11/2022	VGUARD	14:25:28	14:25:48	14:36:11	14:36:18	14:47:17	14:50:12

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



Table 25: Illustration of BBS - Quantity Matched

Date	Security Name	FR Buy	Big Client Buy		FR Sell	FR Sell Qty Match with Big Client (%)	Profit of FR
		Buy Qty	Buy Traded Qty	Sell Trade Qty	Sell Trade Qty		
20/10/2022	SPARC	2,052	70,000	-	2,052	100	11,709.80
25/10/2022	VGUARD	7,500	1,37,300	-	7,500	100	70,143.50
02/11/2022	VGUARD	7,000	1,80,100	-	7,000	100	26,809.50

78. The Noticees have also contended that there is large time difference between their order vis-à-vis the Big Client's order and hence these trades cannot be alleged as front run trades, since there could have been major trading done in between the orders placed by them and the Big Client. Vishvanath Goswami has contended that there is huge interval of time between orders placed by him and the Big Client. In the first instance in the scrip of JYOTHYLAB (from above table), the Noticee placed his order to sell at 11:34:57 whereas the Big Client placed the order at 11:56:02 i.e. after a gap of 20 minutes. Further, the Noticee's buy order pursuant to Big Client's order was placed at 12:13:11 i.e. after 17 minutes of the Big Client's order. Similarly, in the 2nd instance in the scrip of KALPATPOWR, the Noticee placed his order to sell at 13:34:33 whereas the Big Client's order was placed at 14:25:52 i.e. after 50 minutes of the Noticee's order. Further the Noticee's buy order pursuant to Big Client's order was placed at 14:41:04 i.e. after 15 minutes of the Big Client's order. Hence, due to difference of timing between the sell order placement timing of big client and Noticee it cannot be said to be front run trades since there could have been major trading done in between the orders placed by the Noticee and the Big Client.



79. It is germane to note that a front running trading activity is one where the order by the alleged front runner in securities is placed (directly or indirectly) in advance of the Big Client order while in possession of the non- public information regarding the impending orders of the Big Client. Often, the Big Client place their orders above the minimum lot size (particularly for large orders) in smaller tranches so that the securities can be bought/ sold at prices more beneficial to them. Therefore, the alleged front runner can gain from placing his/her order(s) at any time before the last or substantial tranche of the Big Client's order. In other words, all the tranches of the order of the first leg placed by the alleged front runner that have been placed on or before the last tranche of the order placed by the Big Client would qualify as front running transactions. Further, in the second leg of the transaction the front runner encashes the advantage accrued to him from the first leg i.e., by placing the order prior to the order of the Big Client. The front runner usually reverses his position (second leg) to reap the benefit due to movement in the price of the securities due to the substantial buy/sell order. This benefit of movement in price accrues to the front runner due to matching of his second leg orders, either with the substantial order or with other orders available in the system from other buyers/sellers at such moved price. What is material is that the order of the first leg is placed while the front runner is in possession of the non-public information of the impending order of the Big Client.

80. It is observed that in the above instances referred by Vishvanath Goswami, the first leg of the orders have been placed by him prior to the orders placed by the Big Client. W.r.t the instances referred by the Noticee i.e. SSB transaction on September 16, 2022 (JYOTHYLAB), it is observed that the Noticee's sell order start time and sell order end time is 11:34:57 and 11:41:00 respectively, while the Big Clients's sell order start time and sell order end time is 11:56:02 and 15:28:44 respectively. Similarly, w.r.t. the SSB transaction on October 12, 2022 (KALPATPOWR), it is observed that the Noticee's sell order start time and end time is 13:34:33 and 14:06:33 respectively, while the Big Client's sell order start time and end time is 14:25:52 and 15:28:42 respectively. Hence it is observed that in both these instances the first leg the front runner has placed his sell orders even prior to the sell order start time of the Big Client. Further, in spite of the time gap as



contented by him w.r.t the subsequent buy order placed by him there is 100% matching of his buy order with the Big Client's sell order.

81. Umang Chaturvedi has contended that in the first instance w.r.t scrip of KALPATOWR (from the above table) the Noticee placed his order to sell at 13:12:24 whereas the big client's order was placed at 14:25:52 i.e. after almost 1 hour and 12 minutes of the Noticee's order. Further, the Noticee's buy order pursuant to big clients sell order is placed at 14:36:05 i.e. after a gap of 10 minutes of the big client's order. Similarly, in 2nd instance in the scrip of NUVOCO, the Noticee placed his order to sell at 14:28:16 whereas the big client's order was placed at 14:41:17 i.e. after 13 minutes of the Noticee's order. Further, the Noticee's buy order pursuant to Big Client's order was placed at 14:56:40 i.e. after 15 minutes of the Big Client's order. Even in both these instances referred by the Noticee it is observed that in the first leg the front runner has placed his sell orders even prior to the sell order start time of the Big Client. Further, in spite of the time gap as contended by him w.r.t the subsequent buy order placed by him there is 100% matching of his buy order with the Big Client's sell order.

82. Vinod Kumar Chaturvedi has contended that in the first instance in the scrip of JYOTHYLAB on September 16, 2022, the Noticee placed his order to sell at 11:27:15 whereas the big client's order was placed at 11:56:03 i.e. after a gap of 30 minutes of the Noticee's order. Further, the Noticee's buy order pursuant to big client's order was placed at 12:20:49 i.e. after 25 minutes. Similarly, in 2nd instance in the scrip of JYOTHYLAB on November 1, 2022, the Noticee placed his order to sell at 12:45:52 whereas the big client's order was placed at 13:19:40 i.e. after 35 minutes of the Noticee's order. Further, the Noticee buy order pursuant to Big Client's order was placed at 14:05:09 i.e. after 45 minutes of the Big Client's order. Even in both these instances referred by the Noticee it is observed that in the first leg the front runner has placed his sell orders even prior to the sell order start time of the Big Client. Further, in spite of the time gap as contended by him w.r.t the subsequent buy order placed by him there is 100% matching of his buy order with the Big Client's sell order. Hence his contentions are not tenable.

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



83. Shyam Chaturvedi has stated that as per the SCN, the Noticee has executed 61 front running trades, out of which 52 instances were of BBS pattern and the remaining 9 instances were of SSB pattern. However, out of the 52 alleged instances of BBS-pattern front running, in 49 instances the alleged trades did not follow the said pattern, i.e. the Noticee sold the shares in the concerned scrip even before the Big Client bought the shares. Also, out of the alleged 9 instances of SSB-pattern Front running, in 3 instances of the said trades did not follow the SSB pattern, where the Noticee bought the shares in the concerned scrip even before the Big Client sold the shares. However, in majority of the alleged BBS instances, the Noticee's sell order was placed before the Big Client's buy order even commenced. For example, on June 7, 2022 in the scrip EPL, the Noticee sold at 15:15:15, whereas the Big Client only started buying at 15:17:12. It is logically and commercially impossible to profit from a future price impact that has not yet occurred, as the profit motive of front-running relies on the price movement induced by the big client's order. This is not a mere timing anomaly; it is a complete breakdown of the causal link required to prove front-running. These instances are not front-running trades but are, at best, coincidental intra-day trades that SEBI has erroneously mischaracterized by failing to apply the correct sequential logic. Several orders placed by the Noticee alleged to be front run are at huge interval of time. In instance in the scrip of EPL, the Noticee placed his order to buy at 10:43:40 whereas the big client's order was placed at 15:18:02 i.e. after 4 hours 34 minutes of the Noticee's order. Further, the Noticee sell order was placed at 13:38:32 i.e. before 1 hour 40 minutes before the big client's order. Similarly, in another instance in the scrip of KALPATPOWR, the Noticee placed his order to buy at 14:00:29 whereas the big client's order was placed at 15:09:44 i.e. after more than an hour of the Noticee's order. Further, the Noticee sell order was placed at 14:15:45 i.e. about 50 minutes before the Big Client's order.

84. I have perused all the 52 BBS instances of Shyam Chaturvedi's trades and note that in all these instances he had placed his buy order even before the buy order start time of the Big Client which shows that due to possession of the non- public information he had placed his buy orders even before the buy orders were placed by the Big Client i.e. the first leg of the



transactions is established. His contention that his sell order was placed before the buy order of the Big Client which is the second leg may not be as relevant as in the second leg he would encash the benefits derived from the first leg. Further, even w.r.t the instances referred to by Shyam Chaturvedi which are BBS trades, it is observed that in all these 3 instances, the first leg i.e. the buy order had been placed by him before the order of the Big Client. Further, in spite of the time gap for the second leg, it is observed that the sell quantity has matched with that of the Big Client (100%, 86.96% and 76.39%).

85. Umang Chaturvedi has also argued that he has not traded himself but Atul Chaturvedi has done the trading in his account. Further during the current proceedings Vinod Kumar Chaturvedi has also stated that Shyam Chaturvedi has done the trading in his account and hence he cannot be held guilty of front running. He has, however, not provided any cogent evidence to substantiate his claim. In this regard, I note that even though Atul Chaturvedi and Shyam Chaturvedi placed orders in the trading accounts of Umang Chaturvedi and Vinod Kumar Chaturvedi respectively, the fact remains that the alleged transactions had taken place from their trading accounts. Under the facts and circumstances of this case, I hold that these two Noticees have actively been hand in glove with others and have connived for front running of trades of the Big Client. Having been aware of these transaction, being in constant connect with Atul Chaturvedi at all relevant times and actively involved in the entire episode, they cannot feign ignorance. I, therefore, find that these Noticees i.e. i.e Umang Chaturvedi and Vinod Kumar Chaturvedi are also liable as account lenders.

86. Vishvanath Goswami and Shyam Chaturvedi have admitted to the calls with Atul Chaturvedi. Both of them have, however, argued that these calls were general calls as Atul Chaturvedi was friend of Vishvanth Goswami and cousin of Shyam Chaturvedi. These noticees have contended that no effective call analysis has been made and co-relating a few phone calls with front running trades is farfetched and devoid of merits. Vishvanath Goswami has further stated that the SCN without basis has selectively picked up 59 instances to allege that there were calls which substantiates that there is front running. Out



of these 59 instances, purported calls are only on 28 instances. Shyam Chaturvedi has also stated that out of the 61 alleged instances, there have been calls only on 15 instances.

87. In this regard, it is observed that in the given matter, CDRs have been relied upon to establish connection among the Noticees and the information carrier, Atul Chaturvedi and also the communication of the non-public information as circumstantial evidence alongwith other attendant events as found hereinabove. It is pertinent to mention that Hon'ble Supreme Court in the *SEBI vs Kishore R Ajmer (supra)* held that in cases of fraudulent activities, admittedly, no direct evidence would be forthcoming / available. Fraudulent transactions are to be tested on the conduct of parties and abnormality of practices which defy normal logic. The investigation report also brings out the abnormal trading behavior and conduct since average GTV for the Noticees increased substantially for front running instances in comparison to their total instances. Even if, I were to agree with contention that out of the 59 calls of Vishvanath Goswami only 28 calls and out of 61 calls of Shyam Chaturvedi only 15 calls relate to the time of trades, the fact remains that there were enough calls which communicated the non- public information to them or were in connection with the transactions in their accounts or in accounts of their relatives.

Fund transfer

88. The SCN has also alleged that there were cash / fund transfers in/from the bank account of these noticees, detailed as follows :-

- i. Fund transfers are noted between Shyam Chaturvedi, Vinod Kumar Chaturvedi and Atul Chaturvedi. Vinod Kumar Chaturvedi had transferred the following amount from his Bank of Baroda A/c No. 7xxxxxxxxxxxx8 to Atul Chaturvedi's HDFC Account No. 0001xxxxxxxx1:-

Table 26: Fund Transfer from Vinod Kumar Chaturvedi to Atul Chaturvedi



Transaction Date	verified_date	Narration	Credit Amount	Debit Amount	Line Balance
2022-07-25	24/07/2022 12:54	UPI/220524412551/12:54:20/UPI/9xxxxxxx7@paytm/NA	0.00	9,500.00	8,21,734.77

(9xxxxxxx7 is the mobile number of the Atul Chaturvedi)

- ii. Shyam Chaturvedi has transferred the following amount from his ICICI Bank A/c No. 0xxxxxxxxxx9 to Atul Chaturvedi's HDFC Account No. 0xxxxxxxxxx1:-

Table 27 : Bank Transfer from Shyam Chaturvedi to Atul Chaturvedi

Date of transaction	Narration	Debit Amount	Credit Amount	Line Balance
24/01/2022	UPI/202426628809/NA/9xxxxxxx7@payt/HDFC BANK LTD/	5,000	0	8,561.41
01/07/2022	UPI/218232035886/NA/9xxxxxxx7@payt/HDFC BANK LTD/	4,100	0	2,04,010.57
15/07/2022	UPI/219669244632/NA/9xxxxxxx7@payt/HDFC BANK LTD/	10,000	0	16,682.77
25/07/2022	UPI/220542403762/NA/9xxxxxxx7@payt/HDFC BANK LTD/	5,500	0	1,42,080.77
12/09/2022	UPI/225560517654/NA/9xxxxxxx7@payt/HDFC BANK LTD/	7,150	0	1,53,505.76
17/10/2022	UPI/229028515054/NA/9xxxxxxx7@payt/HDFC BANK LTD/	31,000	0	41,277.09
07/11/2022	UPI/231127784392/NA/9xxxxxxx7@payt/HDFC BANK LTD/	49,000	0	4,85,329.09

(9xxxxxxx7 is the mobile number of Atul Chaturvedi)

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



- iii. Several transactions are noted between Vinod Kumar Chaturvedi's Bank of Baroda A/c No. 7xxxxxxxxxxxx8 and Shyam Chaturvedi's ICICI Bank A/c No. 0xxxxxxxxxx9 during June 10, 2022 and December 30, 2022. The corresponding entries in the bank account statement of Vinod Kumar Chaturvedi's Bank of Baroda A/c. o. 7xxxxxxxxxxxx8 are reproduced as under:-

Table 28 : Bank Transfer from Vinod Kr. Chaturvedi to Shyam Chaturvedi's account

Transaction Date	Narration	Credit Amount	Debit Amount	Line Balance
2022-06-10	UPI/216115644438/10:42:40/UPI/9xxx xxxxx5@paytm/NA	0.00	1,900.00	10,31,278.17
2022-07-25	UPI/220524484824/12:55:24/UPI/9xxx xxxxx5@paytm/NA	0.00	5,000.00	8,16,734.77
2022-08-01	UPI/221320457002/12:57:59/UPI/9xxx xxxxx5@paytm/NA	0.00	9,950.00	7,38,775.92
2022-08-01	UPI/221320482074/12:58:22/UPI/9xxx xxxxx5@paytm/NA	0.00	15,000.00	7,23,775.92
2022-08-08	UPI/221921045263/12:25:39/UPI/9xxx xxxxx5@paytm/NA	0.00	4,000.00	7,71,113.97
2022-08-16	UPI/222714688486/11:28:41/UPI/9xxx xxxxx5@paytm/NA	0.00	4,000.00	7,82,363.97
2022-08-22	UPI/223310861149/11:57:22/UPI/9xxx xxxxx5@paytm/NA	0.00	1,500.00	7,90,508.97
2022-08-22	UPI/223324869046/12:53:32/UPI/9xxx xxxxx5@paytm/NA	1.00	0.00	7,90,509.97
2022-08-22	IMPS/P2A/223315638051/SHYAMCH ATURVEDI/Brok9012001	9,300.00	0.00	7,99,809.97
2022-09-02	UPI/224515506170/11:09:17/UPI/9xxx xxxxx5@paytm/NA	0.00	6,000.00	8,39,072.97
2022-09-09	UPI/225218666700/11:26:53/UPI/9xxx xxxxx5@paytm/NA	0.00	10,000.00	8,58,072.97
2022-09-09	UPI/225218683843/11:27:10/UPI/9xxx xxxxx5@paytm/NA	0.00	6,000.00	8,52,072.97

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



Transaction Date	Narration	Credit Amount	Debit Amount	Line Balance
2022-09-12	UPI/225415382320/10:53:59/UPI/9xxx xxxxx5@paytm/NA	0.00	5,000.00	8,47,072.97
2022-09-20	IMPS/P2A/226310477677/XXXXXX XXXX7869/ trade	0.00	34,008.85	8,64,246.42
2022-09-20	UPI/226315503785/10:53:00/UPI/9xxx xxxxx5@paytm/NA	0.00	12,000.00	8,52,246.42
2022-09-27	IMPS/P2A/227010704988/XXXXXX XXXX7869/ zerod	0.00	4,805.90	8,60,540.52
2022-10-03	IMPS/P2A/227511962204/XXXXXX XXXX7869/ zerodha	0.00	40,008.85	8,95,033.67
2022-10-04	UPI/227714714812/11:14:17/UPI/9xxx xxxxx5@paytm/NA	0.00	11,500.00	8,79,559.67
2022-10-10	IMPS/P2A/228222462965/XXXXXX XXXX7869/ zerod	0.00	13,505.90	8,90,273.31
2022-10-18	IMPS/P2A/229111725596/XXXXXX XXXX7869/ zerod	0.00	45,608.85	9,09,958.56
2022-10-26	UPI/229921327873/12:55:41/UPI/9xxx xxxxx5@paytm/NA	0.00	2,300.00	9,43,158.56
2022-10-26	UPI/229921367615/12:56:19/UPI/9xxx xxxxx5@paytm/NA	0.00	5,500.00	9,37,658.56
2022-11-01	IMPS/P2A/230512251190/XXXXXX XXXX7869/ zerod	0.00	48,008.85	9,54,649.71
2022-11-07	IMPS/P2A/231011594564/XXXXXX XXXX7869/ zerodha	0.00	30,008.85	9,92,961.86
2022-11-09	UPI/231312606627/11:29:58/UPI/9xxx xxxxx5@paytm/NA	0.00	10.00	9,91,576.86
2022-11-09	UPI/231312668600/11:31:00/UPI/9xxx xxxxx5@paytm/NA	10.00	0.00	9,91,586.86
2022-11-25	UPI/232910565559/11:23:51/UPI/9xxx xxxxx5@paytm/NA	0.00	2,500.00	10,04,361.86
2022-11-26	UPI/233021998301/12:44:39/UPI/9xxx xxxxx5@paytm/NA	0.00	700.00	10,03,661.86

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



Transaction Date	Narration	Credit Amount	Debit Amount	Line Balance
2022-12-10	UPI/234511470950/11:37:57/UPI/9xxx xxxxx5@paytm/NA	0.00	5,470.00	10,11,692.86
2022-12-20	UPI/235426300471/12:10:21/UPI/9xxx xxxxx5@ybl/Paym	0.00	1.00	9,91,691.86
2022-12-21	UPI/235531429874/12:19:27/UPI/9xxx xxxxx5@ybl/Paym	0.00	2,300.00	9,89,374.16
2022-12-22	UPI/235643514015/17:55:57/UPI/9xxx xxxxx5@paytm/NA	0.00	3,500.00	9,85,874.16
2022-12-30	UPI/236421006577/12:38:47/UPI/9xxx xxxxx5@paytm/NA	0.00	1,500.00	9,84,374.16

(9xxxxxxx5 is the mobile number of Shyam Chaturvedi)

89. From the above transactions, it is observed that several of those transactions were in connection with the trading/ front-running done by them through their trading account with Zerodha. The above transactions are summarised together as following:-

Table 29 : Bank Transfers between Vinod , Shyam Chaturvedi and Atul Chaturvedi

Date and Amount of transfer	
Vinod Kumar Chaturvedi to Shyam Chaturvedi	Shyam Chaturvedi to Atul Chaturvedi
25/07/2022 Rs 5,000	25/07/2022 Rs 5,500
12/09/2022 Rs 5,000	12/09/2022 Rs 7,150
18/10/2022 Rs 45,608.85	17/10/2022 Rs 31,000
07/11/2022 Rs 30,008.85	07/11/2022 Rs 49,000

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90. Thus, it is noted that Shyam Chaturvedi and Vinod Kumar Chaturvedi and Atul Chaturvedi were collectively involved in the front-running activity and distributed the profit amongst themselves earned from the front running activity.

91. It is also observed that certain cash deposits in the HDFC Bank account of Atul Chaturvedi from Vrindavan. Some of them are as under:-

Table 30: Cash Deposits in the HDFC Bank account of Atul Chaturvedi from Vrindavan

Date	Narration	Withdrawal Amt.	Deposit Amt.	Line Balance
07/09/22	CASH DEP ASHOK VRINDAVAN	0	49,500.00	5,04,897.71
14/09/22	CASH DEP VRINDAVAN	0	49,500.00	5,61,478.81
29/09/22	CASH DEP SELF VRINDAVAN	0	49,500.00	6,03,970.81

92. In their reply to the above allegations, the Noticees have submitted as following :-

- Vishvanath Goswami – While he has not denied the above cash (Rs.1,48,500/-) deposits in the account of Atul Chaturvedi which is attributed to him, he has contended that no charge has been made of any fund transfer between him and Atul Chaturvedi. However, he not provided the reasons for these cash deposits by him.
- Umang Chaturvedi – He has admitted that there were deposits from Indus Strategy Financial Advisors Pvt. Ltd. and MA Trading Products amounting to Rs.14,00,000/-, however, there has been no charge of any fund transfer between him and these entities. Further, these funds were received towards the treatment of his son. In this regard it is observed that these are partnership firms of Manish Chaturvedi and Ashish Chaturvedi i.e Other Front Runners. Further, during the investigation it was observed that the said funds were transferred from Indus Strategy Financial Advisors Pvt. Ltd.’s Kotak Bank Account No. 4911542000 to MA Trading Products on the same date and, thereafter, routed to Umang

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Chaturvedi. Although during the current proceedings, the Noticee has taken a defence that this was received for the treatment of his son, it is noted that Manish Chaturvedi, Ashish Chaturvedi and Rajni Chaturvedi have denied knowing Umang Chaturvedi in their respective statement before the IA. Further, it is also observed that multiple ATM cash withdrawals in Mathura were observed in the said Axis Bank Account of Umang Chaturvedi when Atul Chaturvedi was also in Mathura as per his CDR location.

- Vinod Kumar Chaturvedi – He has admitted that certain cash deposits in the account of Shyam Chaturvedi amounting to Rs. 3,31,588 is attributed to him. He further admitted that certain bank transfers were made from his account to that of his nephew (Shyam Chaturvedi) but he was unaware as his nephew had access to his trading and bank accounts. The Noticee has knowingly lent control of his account to his nephew and hence cannot take the defence that he was neither involved nor aware of the trading activities in question.
- Shyam Chaturvedi – He has stated, *inter alia*, that there is no co-relation between the alleged profits earned and the funds transferred between him and Atul Chaturvedi. Besides, Atul Chaturvedi is his cousin and the fund exchange between the two has not been uncommon. The Noticee and Atul Chaturvedi are first cousins who reside in the same family home in Mathura, and financial exchanges for various familial and personal reasons are commonplace and well within normal family interactions. However, the Noticee has neither provided reasons nor any cogent evidence for these fund transfers.

93. Hence, from the preceding paragraphs and on the basis of preponderance of probabilities it can be adduced that there was also exchange of funds between the Noticees and also with the information carrier, which further corroborates that the impugned trades were front run trades.



Conclusion

94. The prohibition of front running trades and declaring it fraudulent trading under Regulation 4(2) (q) of the PFUTP Regulations is predominantly based on the parity of information theory. Under this theory, fraudulent trading results due to information disparity caused by those who possess/ receive and trade based on the non-public information about impending trades of the Big Client. There is also no dispute as to the facts that there was substantial increase in intra-day trading and substantial increase in square-off profit in the accounts of these Noticees due to these trades. Further, when SEBI commenced the investigation regarding the suspected front running, Shyam Chaturvedi and Vinod Kumar Chaturvedi both closed their trading accounts in January 2024. Further, these Noticees have made substantial square-off profit on the days when the trades in the respective account occurred in common scrips with the Big Client. Also, the GTV for front run instances as a percentage of average GTV for all the instances was substantially higher during the period of investigation.
95. The connection of these Noticees with the information carrier and making profits out of those trades cumulatively show the strong probability against these Noticees. The facts and circumstances of this case clearly demonstrate role of those Noticees who either traded in their own accounts or in the accounts of other noticees/ spouse motivated by eventual profits based on non-genuine trading. The lure for easy profit is clearly demonstrated on the part of these Noticees based on the above facts and circumstances.
96. It is pertinent to mention that there is no scale to measure fraudulent, deceptive and manipulative device, plan and artifice involving fraud by indulging in front running and the findings in that regard would depend on inferences drawn from a mass of factual details. Findings on the basis of higher preponderance of probability, in this regard, can also be gleaned from patterns of transactions/dealings, conduct and behavior of connected parties, other machinations employed to achieve the designed purpose. In the instant case, the above facts and circumstances suggest strong probability of the Noticees being motivated by the

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impugned non- public information which was lying exclusively with Atul Chaturvedi who was the Sales Trader with Antique who was in know of the impugned non-public information and prompts others to trade or uses their accounts to trade. It cannot be just a coincidence that these noticees would indulge in similar pattern of trading unless they have a motive to earn profits from non- genuine trades with a designed purpose and scheme. This fact further corroborates the fact that such trades were motivated by the tips about the impugned non-public information and such tips were certainly received from Atul Chaturvedi, as the case may be. This kind of trading behavior cannot be for a charity but to allow these Noticees to earn non – genuine profits. Thus, the close connection of the Noticees with Atul Chaturvedi and transmission of non –public information is established with clinching circumstantial evidence of communication of non-public information and trading based on the same.

97. The entire gamut of events commencing from the typical gambit of opening of trading accounts within close proximity of trading, indulging in frequent calls, allowing the information carrier to use the trading accounts or self-indulgence in unrealistic trading behavior show a classic example of non-genuine trading to earn illegal gains or at least lending trading account to make illegal profits based on fraudulent trading. The whole picture on the canvass suggests tell- tale strands of how each one of the connected entities at various sequences in the chain has catalysed the misuse of non- public information for their own benefit in a web of make believe trickery to mislead and obfuscate, to the final confluence of making wrongful gains from fraudulent trading.

98. The whole episode shows unwarranted interference in the operation of ordinary market forces and undermines the integrity and efficiency of the market. The scope of prohibition under Section 12A and regulations 3 and 4 of the PFUTP Regulations are of wide amplitude and would therefore take within its sweep the inducement and enticement to bring about inequitable result which has happened in this instant case. The information in the instant case was acquired in bad faith thereby inducing inequitable result. The concerned parties having received the impugned non – public information and trading on that basis and those,



who allowed trading in their accounts on the basis of said non- public information disturbed the basic tenets of fairness in the securities market i.e. of having a level playing field. In the instant case, the playing field was uneven because of inequalities in information, trading based on non–public information, lending control of accounts etc. The unequal possession of information is certainly fraudulent when the information has been acquired in bad faith and thereby inducing an inequitable result for others.

99. In view of all the aforesaid findings, the front running transactions and the basis of the allegations as described in the SCN stand established and the Noticee Nos.1, 2, 3 and 4 have indulged in front running the orders of the Big Client and have violated the provisions of Section 12A (a), (b), (c) and (e) of SEBI Act and Regulations 3 (a), 3 (b), 3 (c), 3(d), 4(1) and 4(2)(q) of the PFUTP Regulations. In this case, conduct of the Noticees in indulging in front running of trades or lending the account to main front runner for making unlawful gains is contumacious and must be dealt with impunity.

100. The SCN contemplates directions under Sections 11(1), 11(4), and 11B (1), 11B (2), 15HA and also the imposition of monetary penalty under Sections 11B (2) and 11(4A) read with Section 15HA of the SEBI Act for the aforesaid violations. The relevant provisions of Sections 11(1), 11(4), 11(4A), 11B (1), 11B (2), 15HA of the SEBI Act are reproduced below:

11. (1) Subject to the provisions of this Act, it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit.

(4) Without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) and section 11B, the Board may, by an order, for reasons to be recorded in writing, in the interests of investors or securities market, take any of the following measures, either pending investigation or inquiry or on completion of such investigation or inquiry, namely:—

(a) suspend the trading of any security in a recognised stock exchange;

(b) restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities;

(c) suspend any office-bearer of any stock exchange or self-regulatory organisation from holding such position;

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(d) impound and retain the proceeds or securities in respect of any transaction which is under investigation;
(e) attach, for a period not exceeding ninety days, bank accounts or other property of any intermediary or any person associated with the securities market in any manner involved in violation of any of the provisions of this Act, or the rules or the regulations made thereunder:

Provided that the Board shall, within ninety days of the said attachment, obtain confirmation of the said attachment from the Special Court, established under section 26A, having jurisdiction and on such confirmation, such attachment shall continue during the pendency of the aforesaid proceedings and on conclusion of the said proceedings, the provisions of section 28A shall apply: Provided further that only property, bank account or accounts or any transaction entered therein, so far as it relates to the proceeds actually involved in violation of any of the provisions of this Act, or the rules or the regulations made thereunder shall be allowed to be attached;

(f) direct any intermediary or any person associated with the securities market in any manner not to dispose of or alienate an asset forming part of any transaction which is under investigation: *Provided that the Board may, without prejudice to the provisions contained in sub-section (2) or sub-section (2A), take any of the measures specified in clause (d) or clause (e) or clause (f), in respect of any listed public company or a public company (not being intermediaries referred to in section 12) which intends to get its securities listed on any recognised stock exchange where the Board has reasonable grounds to believe that such company has been indulging in insider trading or fraudulent and unfair trade practices relating to securities market :*

Provided further that the Board shall, either before or after passing such orders, give an opportunity of hearing to such intermediaries or persons concerned.

(4A) *Without prejudice to the provisions contained in sub-sections (1), (2), (2A), (3) and (4), section 11B and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.*

11B. (1) *Save as otherwise provided in section 11, if after making or causing to be made an enquiry, the Board is satisfied that it is necessary, — (i) in the interest of investors, or orderly development of securities market; or (ii) to prevent the affairs of any intermediary or other persons referred to in section 12 being conducted in a manner detrimental to the interest of investors or securities market; or (iii) to secure the proper management of any such intermediary or person, it may issue such directions, —*

(a) *to any person or class of persons referred to in section 12, or associated with the securities market; or*
(b) *to any company in respect of matters specified in section 11A, as may be appropriate in the interests of investors in securities and the securities market.*

Explanation. —For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act

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or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.

(2) Without prejudice to the provisions contained in sub-section (1), sub-section (4A) of section 11 and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.

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

101. While Section 11 deals with the functions and duties of the Board, Section 11B is on the powers of the Board. Section 11B is in a sense a functional tool in the hands of the Board and one of the measures available to the SEBI is to enforce its prime duty under Section 11 by issuing directions under Section 11(4) and Section 11B (1) and/or also imposing monetary penalty under Section 11B (2) and 11(4A). I note that the power under Section 11B (2) is *pari materia* the power under Section 11(4A). In fact, the power under the both the sections are nothing but a replica of each other in two different sections. This power is not intended for inflicting same monetary penalty twice under the charging sections referred in Section 11(4A) and replicated under Section 11B (2) of the SEBI Act.
102. In the instant case, apart from the directions under Section 11(4) and Section 11B(1) the SCN contemplated disgorgement of wrongful gains of a total amount Rs.1,23,28,164.30 from the Chaturvedi Group alongwith Atul Chaturvedi. The wrongful gains made by the Noticees arrayed in the SCN were Umang Chaturvedi (Rs.19,81,905.15), Vinod Kumar Chaturvedi (Rs.6,93,247.40), Shyam Chaturvedi (Rs.10,74,143.15), Vishvanath Goswami (Rs.55,61,957.25) and for his wife i.e. (Late) Preeti Goswami (Rs. 15,35,223.95) i.e. a total amount of Rs. 1,08,46,477/-
103. It is noted that in terms of the settlement order dated October 6, 2025 the Other Front Runners have settled the case *inter alia* by paying total amount of Rs.19,50,564/- towards the disgorgement amount of alleged unlawful gain alongwith interest. Further, vide

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Settlement Order dated November 18, 2025, Atul Chaturvedi has settled the case *inter alia*, by paying the disgorgement amount of Rs. 1,48,15,631 towards the disgorgement amount of alleged unlawful gain alongwith interest although there was no unlawful gains were alleged personally by Atul Chaturvedi individually.

104. The details of the settlement terms passed w.r.t Other Front Runners and the Information Carrier are as follows:-

Table 31 : Details of Settlement Orders

Date of Settlement Order	Name of Entity / Applicant or Noticee	Monetary Settlement Terms	Non Monetary Settlement Terms
October 6, 2025	Rajni Chaturvedi	Rs.44,00,000/-	Disgorgement of Rs.3,85,428/- Voluntary debarment from buying, selling or dealing in the securities market either directly or indirectly for a period of 6 months from the date of the Settlement Order.
	Manish Chaturvedi	Rs.44,00,000/-	Disgorgement on joint and several liability of Rs.15,65,136/-
	Ashish Chaturvedi	Rs.44,00,000/-	
	Indus Strategy Financial Advisors Private Ltd.	Rs.44,00,000/-	Voluntary debarment from buying, selling or dealing in the securities market either directly or indirectly for a period of 6 months from the date of the Settlement Order.
November 18, 2025	Atul Chaturvedi	Rs.96,00,000/-	Disgorgement of Rs.1,48,15,631/- Voluntary debarment from buying, selling or dealing in the securities market either directly or indirectly for a period of 6 months from the date of the Settlement Order.

105. It is also observed that during the current proceedings, Vishvanath Goswami had contended that he cannot be made liable for the alleged unlawful gains of Rs.15,35,223.95 on trades of his deceased wife viz Ms. Preeti Goswami and neither can he be made liable to disgorge

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the moneys as he is not the beneficiary to the alleged unlawful gains of his wife. Noticee has also sought to rely on certain orders i.e SEBI's ex-parte interim order cum SCN in the matter of *Front running activities of Ashok Maheshwari Bakul and others* wherein it was found that for the trades done by the husband in the account of wife, husband, wife and information carrier were jointly and severally liable for impounding of wrongful gains. However, the wife was a noticee in the proceedings. Further, in SEBI's adjudication order in the matter of *Quest Investment Advisors Private Limited* it was found that husband was running account of wife and the wife by allowing her account to be used was part of the fraudulent activity and was made liable under the SEBI (PFUTP) Regulations. However, the wife was a noticee in the proceedings. In this regard it is noted that Vishvanath Goswami has admitted to having traded on behalf of his wife (since deceased). Further, it may be noted that w.e.f. March 8, 2019, the Finance Act, 2018 introduced Section 28-B of the SEBI Act for continuance of proceedings wherein it provides that;

“28B.(1) Where a person dies, his legal representative shall be liable to pay any sum which the deceased would have been liable to pay, if he had not died, in the like manner and to the same extent as the deceased.”

....

(3) Every legal representative shall be personally liable for any sum payable by him in his capacity as legal representative if, while his liability for such sum remains undischarged, he creates a charge on or disposes of or parts with any assets of the estate of the deceased, which are in, or may come into, his possession, but such liability shall be limited to the value of the asset so charged, disposed of or parted with.

(4) The liability of a legal representative under this section shall be limited to the extent to which the estate of the deceased is capable of meeting the liability.

Explanation.—For the purposes of this section “legal representative” means a person who in law represents the estate of a deceased person, and includes any person who intermeddles with the estate of the deceased and where a party sues or is sued in a



representative character, the person on whom the estate devolves on the death of the party so suing or sued.]”

106. As is clear from its plain language, the provision’s sole objective is to enable SEBI to complete recovery against a defaulter who passes away prior to making payment towards the liability imposed by SEBI. Further, the Act defines a ‘legal representative’ as any person who in law represents the estate of a deceased person. This includes a person ‘*who intermeddles with the estate of the deceased and where a party sues or is sued in a representative character, the person on whom the estate devolves on the death of the party so suing or sued*’. Thus, such proceedings can be initiated against any person who holds the assets of the deceased defaulter, so that such assets can be utilized to meet the defaulter’s liability. It is also noted that during the investigations, when inquired, Vishvanath Goswami vide his email dated November 5, 2024 had clearly stated that he himself is the legal representative of (Late) Preeti Goswami. Hence he cannot now state that he should not be made liable for the disgorgement towards the unlawful gains made by his deceased wife. Further, even during the statement recording, he had confirmed that he traded and took all trading decisions for himself and his wife. With respect to the case laws cited in defence it is noted that the name of the deceased wife i.e. Preeti Goswami was not arrayed in the SCN as she was deceased at the time of the issuance of SCN. Hence the arguments of Vishvanath Goswami are not tenable. Besides, as the entire wrongful gain have been disgorged, no further disgorgement can be done nor is contemplated in the matter. As held by Hon’ble SAT in the matter of ***Gagan Rastogi v. SEBI (Misc. Application No. 206 of 2017) dated July 12, 2019***, the disgorgement of funds is an equitable remedy and not a punitive measure and cannot be treated similar in nature of a penalty. In the said order, Hon’ble SAT has also referred to its earlier order in the matter of ***Dushyant N. Dalal v. SEBI*** to hold that disgorgement is not a penal action but only an equitable remedy. Further, SEBI speaking through its WTM, vide order dated July 28, 2025, in the matter of ***Trading based on the stock recommendations given by Guest Experts appearing on Zee Business Channel*** has held that since the amount of alleged unlawful gains have already been disgorged as a part of the settlement proceedings, the

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issue of passing a direction of disgorgement of the unlawful profits has become infructuous. Since the entire wrongful gains as described in the SCN has been paid vide Settlement Order dated November 18, 2025, the direction of disgorgement of any unlawful gain from these Noticees cannot be issued at this stage. However, this settlement order *ipso facto* does not exonerate the Noticees with regard to their roles.

107. Section 15HA of the SEBI Act provides for imposition of penalty in case of fraudulent and unfair trade practices committed by any person. I find that the activities of these Noticees being fraudulent in nature, attract and warrant penalty to be imposed on them under Section 15HA of the SEBI Act. The range of monetary penalty prescribed in said Section 15HA is minimum five lakh rupees upto to twenty-five crore rupees or three times the amount of profits made out of fraudulent practices, whichever is higher. However, said Section 15HA gives discretion and Section 15J of the SEBI Act mandates factors to be taken into consideration in this regard and provides for guiding factors as follows:

“15J. Factors to be taken into account while adjudging quantum of penalty.

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

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default

(c) the repetitive nature of the default.

Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”

108. Towards this, Vishvanath Goswami has contended that the alleged violation has not resulted in any harm or loss to the securities market. Penalty should not be imposed for the sake of it and has referred to the judgement passed by the Hon’ble Supreme Court in the



matter of *Hindustan Steel Ltd. vs State of Orissa*⁶. The Noticee cannot avail the benefit of this judgement for the main reason that the said judgement of the apex court also allows imposition of penalty on the basis of reasonable nexus between the objective which is sought to be achieved and the means to that end. Further, in *SEBI vs Cabot International Capital*⁷, Hon'ble Bombay High Court held that decision in Hindustan Steel Case has no application in case of penalties under SEBI Act.

109. Coming to the terms of direction and quantum of monetary penalty on the Noticees, it is pertinent to mention that although the entire wrongful gains have been disgorged from Atul Chaturvedi, yet they cannot be allowed to get the unjust enrichment on account of wrongful gains generated from the scheme of front running. However, no material has been brought as to any clawing back of this unlawful gain to said Atul Chaturvedi and Settlement Order is also silent in this regard. Although the PFUTP Regulations attempt to envisage all kind of fraudulent dealings and market abuses, parties involve human ingenuity and technology for usurpation of reprehensible profits which they are not entitled to. Hence, they must be made answerable as per established tenets of rule of law without leaving incentives for fraudulent practices, based on creativity of disingenuous, to survive the legal gambits. Considering the aforesaid, I deem this case fit to issue directions restraining the Noticees from securities market and imposition of monetary penalty on the Noticees in order to meet the ends of justice.

110. For exercising the choice to issue directions and monetary penalties in the peculiar facts and circumstances of this case, I have also taken note of the number of instances of trading, active roles of respective Noticee and wrongful gains made out of fraudulent trades as found hereinabove. For the purpose of adjudication of quantum of penalty, it is relevant to mention that under Section 15I of the SEBI Act imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The words in the section that "*he may impose such penalty*" are of considerable significance, especially in view of the guidelines

⁶ 1969(2) SCC 627

⁷ (2004)2COMPLJ363(BOM), Decided on 3rd March, 2004



provided by the legislature in Section 15J. Further, in the explanation appended to Section 15J, which was brought vide Part VIII of Chapter VI of the Finance Act, 2017, the legislative intent has been reinforced that while adjudging the quantum of penalty the adjudicating officer has discretion and such discretion should be exercised having due regard to the factors specified in Section 15J. It is also settled position that the words "*shall be liable to*" used in the context of "*penalty*" in any statute, do not convey an absolute imperative; they are merely directory and leave it to the discretion of the authority to impose any penalty as he deems fit and commensurate with the violation. Further, having regard to the factors listed in Section 15J and the guidelines issued by Hon'ble Supreme Court of India in *SEBI v. Bhavesh Pabari Civil Appeal No(S).11311 of 2013* vide judgement dated February 28, 2019, it is noted that the provisions of Section 15J has to be properly understood, and not to be mechanically applied and other factors reasonable for the facts of the case are also relevant to be taken into account for adjudging the quantum of penalty. I have also been guided by the principles of consistency and proportionality. The current proceedings do not entail restorative justice practice as no victim restitution is contemplated. Thus, the trade-off tends to be made more in favour of consistency and proportionality. While proportionality demands a penalty should be proportionate with the mischief it seeks to address and penalties cannot be disproportionate to the magnitude of default. No arithmetical formula can be devised to impose a fixed penalty on each case. Thus, consistency comes into play. However, given a set of alternatives, pairwise comparison matrices also come into play and different matrices may apply to a similar case if magnitude of both cases materially differ with regard to different matrices. Here again, no mathematical formula could be possible. I note, by way of example, that in similar matters SEBI has taken actions as given in following table: -

Table : 32

Order Date	Case Name	Unlawful Gain	No. of Noticees	Debarment	Penalty imposed
February 10, 2023	Final Order in the matter of front running of orders of	Rs.22,88,126/-	2	3 months to 2 year	Rs. 5 lakhs – 10 lakhs

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	Quest Investment Advisors Private Limited by Ketan Bhupendra Parekh and Bhupendra Jasvantrai Parekh				
July 30, 2024	Front Running by Alka Jain (Big Client – Sapphire Intrex Limited)	Rs.50,51,116/-	2	1 year	Rs. 5 lakhs – Rs. 10 Lakhs
May 30, 2025	Order in the matter of front running the trades of M/s. Alpna Enterprises	Rs.48,11,373/-	3	1-2 years	Rs. 8 lakhs – Rs. 25 lakhs
October 23, 2025	Order in the matter of front running of the orders of Big Client (certain family trusts) by certain entities	Rs.2,06,25,680/-	13*	1-3 years	Rs. 5 lakhs – Rs. 15 lakhs

* 24 noticees were arrayed in the SCN, however, the directions for debarment and penalty was issued against 13 noticees.

111. I also take into account the peculiarity of Settlement in this case where certain entities who have made allegedly lesser unlawful gains paid Settlement amount and voluntary debarment of 6 months. Further, the entire amount to be disgorged from the Noticees towards the unlawful gains has already been paid by Atul Chaturvedi who is not alleged to have made any unlawful gain.

Order and Direction

112. Considering the above peculiar facts, circumstances and magnitude of the contravention in this case, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11B (1) and 11B(2) of the SEBI Act, read with Section 19 of the SEBI Act do hereby issue the following directions:-

- i. The Noticees viz Vishvanath Goswami, Umang Chaturvedi, Shyam Chaturvedi and Vinod Kumar Chaturvedi are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly

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or indirectly, or being associated with the securities market in any manner, whatsoever, for the period given in the following table, from the date of this order:

Table 33

Noticee No.	Name of Noticee	PAN	Restraint Period
1	Vishvanath Goswami	AGFPG2162E	2 years
2	Umang Chaturvedi	AGRPC1123D	2 years
3	Shyam Chaturvedi	AGQPC0759C	2 years
4	Vinod Kumar Chaturvedi	AFMPC1655G	2 years

- ii. It is hereby clarified that if the Noticees viz Vishvanath Goswami, Umang Chaturvedi, Shyam Chaturvedi and Vinod Kumar Chaturvedi have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. These Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.
- iii. In light of the facts and circumstances of this case as discussed above, the factors listed in Section 15J of the SEBI Act and in exercise of powers conferred upon me under Sections 11(4A)/11B (2) and Section 15I read with Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules,1995, I hereby impose monetary penalty under Section 15HA of the SEBI Act on the following Noticees for the violations of the provisions of the PFUTP Regulations as found in this order: -

Table 34

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Noticee No.	Name of the Noticee	PAN of the Noticee	Penalty Amount (Rs.)
1.	Vishvanath Goswami	AGFPG2162E	5 lakhs
2.	Umang Chaturvedi	AGRPC1123D	5 lakhs
3.	Shyam Chaturvedi	AGQPC0759C	5 lakhs
4.	Vinod Kumar Chaturvedi	AFMPC1655G	5 lakhs

iv. The Noticees viz Vishvanath Goswami, Umang Chaturvedi, Shyam Chaturvedi and Vinod Kumar Chaturvedi shall remit/ pay the amounts of penalties mentioned against their names in the table above, within 45 days of receipt of this Order through online payment facility available on the website of SEBI i.e. SEBI i.e. www.sebi.gov.in on the following path, by clicking on the payment link www.sebi.gov.in/ENFORCEMENT -> Orders -> Orders of EDs/CGMs -> PAY NOW. In case of any difficulty in online payment of penalty, the Noticee(s) may contact the support of portalhelp@sebi.gov.in.

v. The Noticees viz Vishvanath Goswami, Umang Chaturvedi, Shyam Chaturvedi and Vinod Kumar Chaturvedi shall forward the details of online payment made in compliance with the directions contained in this Order to the “The Division Chief, IVD-ID-19, Securities and Exchange Board of India, SEBI Bhavan – II, Plot No. C-7, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051” and also to email id: tad@sebi.gov.in in the format as given in the following table:-

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Payment is made for : Penalty or Disgorgement	

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group



vi. Umang Chaturvedi and Vinod Kumar Chaturvedi who have lent their trading / bank accounts shall always be vigilant and shall never allow their accounts to be used by any person for such trading.

113. This Order shall be served on all the Noticees herein, SEBI, Recognised Stock Exchanges, Banks, Depositories and Registrar and Share Transfer Agents to ensure necessary compliance.

114. This Order shall come into force with immediate effect.

SANTOSH Digitally signed
by
SHUKLA SANTOSHKUMAR
SHUKLA SHUKLA
Date: 2026.03.27
15:36:48 +05'30'

Date: March 27, 2026

Place: Mumbai

SANTOSH SHUKLA
QUASI JUDICIAL AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA

Order in respect of Front Running of Trades of Big Client by certain entities of Chaturvedi Group