BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO.: Order/NB/MG/2023-24/29237

UNDER SECTION 15-I 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:
Late: Ms. Sakuntala Agarwal
PAN: AAYPA3630J
In the matter of trading in Illiquid Stock Options at BSE Ltd.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") observed large scale reversal of trades in the Stock Options segment of the Bombay Stock Exchange (hereinafter referred to as "BSE") leading to the alleged creation of artificial volume in the stock options segment. In this regard, SEBI conducted an investigation into the trading activity in the illiquid Stock Options segment at the BSE for the period April 01, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period").

2. It was observed during the course of investigation that a total of 2,91,643 trades comprising 81.38% of all the trades executed in the Stock Options Segment at the BSE during the investigation period were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract on the same day. It was observed that Ms. Sakuntala Agarwal (PAN: AAYPA3630J) (hereinafter referred to as "Noticee") was one of the various entities who indulged in execution of reversal trades in stock options segment of BSE during the investigation period. Such trades were alleged to be non-genuine in nature and created false or misleading appearance of trading in the illiquid stock options. In view of the same, SEBI initiated adjudication proceedings against the Noticee for alleged violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade

Practices) Regulations, 2003 (hereinafter referred to as “PFUTP Regulations, 2003”).

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI initiated adjudication proceedings and appointed the undersigned as Adjudicating Officer under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act”) read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “Adjudication Rules”) vide order dated July 02, 2021 to inquire into and adjudge under section 15HA of the SEBI Act against the Noticee for the alleged violation of the aforesaid provisions of PFUTP Regulations, 2003.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice bearing reference no. SEBI/HO/ISD1/DIV6/2021/OW/P/22735/1/EN-1838 dated September 06, 2021 (hereinafter referred to as “SCN”) was issued to the Noticee under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be initiated against the Noticee and why penalty should not be imposed upon the Noticee under Section 15HA of the SEBI Act for the violations alleged to have been committed by the Noticee.

5. The undersigned was informed vide letter dated January 07, 2022 that the Noticee had passed away on October 20, 2015. A copy of the Death Certificate dated November 02, 2015 issued by Department of Planning and Development, Directorate of Statistics and Evaluation, Jharkhand in case of this entity was attached along with the said letter.

6. Thus, the proceedings are against the acts of omission and commission of person who is no more to face the charges. In this regard, it is relevant to note that the Hon’ble Supreme Court in the case of *Girija Nandini vs. Bijendra Narain (AIR 1967 SC 1124), inter-alia*, observed that in case of personal action, i.e. the actions where the relief sought is personal to the deceased, the right to sue will

not survive to or against the representatives, and in such cases, the maxim "*actio personalis moritur cum persona*" (personal action dies with the death of the person) would apply. It is also relevant to refer to the decision of Hon'ble Securities Appellate Tribunal in Chandravadan J. Dalal vs. SEBI (Appeal No. 35/2004 decided on June 15, 2005) wherein it was held that: *"The appeal abates since the appellant during the pendency of the appeal died on 29th November 2004. The appeal accordingly abates. The penalty imposed on the original appellant being personal in nature also abates."*

7. In the matter under consideration, the Noticee expired before the issuance of SCN. Therefore, I am of the view that the adjudication proceedings initiated against the Noticee do not survive and are liable to be abated without going into the merits of the case. Consequently, no penalty is imposed on the Noticee who is deceased and the Adjudication Proceedings against the Noticee stand abated.

ORDER

8. After taking into consideration all the facts and circumstances of the case, the Adjudication Proceedings initiated against the Noticee, viz. Late Ms. Sakuntala Agarwal (PAN AAYPA3630J), vide SCN bearing reference no. SEBI/HO/ISD1/DIV6/2021/OW/P/22735/1/EN-1838 dated September 06, 2021 are disposed of accordingly.

9. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticee's last known address and also to SEBI.

DATE: September 13, 2023	**NITESH BHATI**
PLACE: MUMBAI	**ADJUDICATING OFFICER**