BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO.: Order/DJ/KR/2022-23/21139

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 Mr. Ramesh Chand Goel
(PAN: AGHPG5541M)
H. No. 56, Bazar Kot, Amroha,
Uttar Pradesh- 244221

In the matter of dealings 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 2,91,744 trades comprising 81.40% 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 Late Mr. Ramesh Chand Goel (hereinafter referred to as “Noticee”) was one such client whose reversal trades involved squaring-off open positions with a significant difference without any basis for such change in the contract price. The aforesaid reversal trades allegedly resulted into generation of artificial volumes, leading to allegations that the Noticee had violated the provisions of regulations 3(a),

(b), (c) and (d) and regulations 4(1) and 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) 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 "SEBI Rules") *vide* order dated September 27, 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/IVD/ID13/P/OW/2022/40764/1 dated August 10, 2022 (hereinafter referred to as "SCN") was issued to the Noticee under Rule 4(1) of the SEBI 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. In the SCN, the Noticee was also informed about the SEBI Settlement Scheme, 2022, in terms of regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. The Noticee was advised to file a reply to the SCN within 30 days of the receipt of the SCN in case the Noticee does not wish to avail of the facility under the SEBI Settlement Scheme, 2022.

5. The undersigned was informed *vide* letters/ e-mails dated September 26, 2022 and September 18, 2022 from Mr. Karunesh Chand Goel (son of the Noticee), and letter/ e-mail dated September 07, 2022 from Mr. Utkarsh Goel (grandson of the Noticee) that the Noticee had passed away on November 07, 2016. An attested copy of the death certificate dated August 29, 2022 issued by the Registrar (Birth & Date), Nagar Palika Parishad Amroha, Department of Medical and Health, Government of Uttar Pradesh, has been provided *vide* e-mail dated November 10, 2022. The same has also been verified using the quick response (QR) code appearing on the death

certificate. It is observed that the Noticee expired before initiation of the present Adjudication Proceedings against him.

6. In this regard, it is relevant to note that the Hon'ble Supreme Court in the case of *Girijandini 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. Relying on the aforementioned Order(s) of the Hon'ble Supreme Court and Hon'ble Securities Appellate Tribunal, 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 since 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 *vide* SCN bearing reference no. SEBI/HO/IVD/ID13/P/OW/2022/40764/1 dated August 10, 2022, against the Noticee viz. Late Mr. Ramesh Chand Goel (PAN: AGHPG5541M), is disposed of.

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

DINESH JOSHI

Digitally signed by DINESH JOSHI
Date: 2022.11.14 11:48:34 +05'30'

Date: November 14, 2022 **Dinesh Joshi**
Place: Mumbai **Adjudicating Officer**