BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO.: Order/MAS/SKS/2023-24/ 29838

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:

PAWAN KUMAR JALAN

PAN: ACQPJ5829G

In the matter of dealings in Illiquid Stock Options at the Bombay Stock Exchange

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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 81.41% 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 alleged that **Mr. Pawan Kumar Jalan (hereinafter referred to as "Noticee") bearing PAN: ACQPJ5829G** was one such client whose reversal trades, in the contract TCSL15APR2500.00PE on March 24, 2015, involved squaring off open positions with a significant price 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),(d) and regulations 4(1),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 "Adjudication Rules") vide order dated September 20, 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/CFID/CFID_3/MAS/RD/2022/12879/1 dated March 28, 2022 (hereinafter referred to as "SCN") was sent to the Noticee through Speed Post Acknowledgement Due (hereinafter referred to as 'SPAD') 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. Subsequently, Post Show Cause Notice intimation bearing reference no. SEBI/CFID/CFID-SEC2/MAS/36277/1/2022 dated August 05, 2022 (hereinafter referred to as "Post SCN intimation") was sent to the Noticee. In the Post SCN intimation, the Noticee was informed about the SEBI Settlement Scheme, 2022, introduced by SEBI in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options and in case, Noticee do not wish to avail of the facility under the

SEBI Settlement Scheme, 2022, Noticee was advised to file a reply to the post SCN intimation within 14 days of the receipt of the same.

6. Simultaneously, the telephone number of the noticee available on the file was contacted and one of the family member of the noticee viz. Mr. Niraj Jalan informed that noticee had passed away on December 20, 2021.

7. SEBI vide email dated August 05, 2022, advised Mr. Niraj Jalan to furnish the copy of the death certificate of Mr. Pawan Kumar Jalan. Subsequently, on March 27, 2023, Mr. Niraj Jalan produced a copy of the death certificate no.D-2021:33-17379-001006 dated January 07, 2022, issued by Department of Municipal Administration and Water Supply, Government of Tamil Nadu, as per which the noticee had passed away on December 20, 2021. The death certificate was authenticated on Birth and Death Registration website of Government of Tamil Nadu (website - https://crstn.org/birth_death_tn/PubDeathCertReport.jsp).

8. 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.

9. Relying on the aforementioned Order of the Hon'ble Supreme Court, 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

10. After taking into consideration all the facts and circumstances of the case, the instant Adjudication Proceedings initiated against the Noticee, viz. Late Mr. Pawan Kumar Jalan (PAN: ACQPJ5829G), is disposed of.

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

DATE: November 30, 2023 **M A Shinod**

PLACE: MUMBAI **ADJUDICATING OFFICER**