BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO.: Order/JL/AP/2022-23/23456-23455]

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992, READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of:
Late Shree Prakash
(PAN: ABFPV6398C)

In the matter of dealings in Ill-liquid Stock Options at BSE

Background of the Case

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"**). SEBI observed that such large scale reversal of trades in stock options lead to creation of artificial volume at BSE. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in illiquid stock options at BSE for the period April 01, 2014 to September 30, 2015 (hereinafter referred to as **"Investigation Period"**).

2. Pursuant to investigation, it was observed that total 2,91,744 trades comprising substantial 81.40% of all the trades executed in stock options segment of BSE during the investigation period were non genuine trades. The aforesaid non-genuine trades resulted into creation of artificial volume in stock options segment of BSE during the investigation period. It was observed that Shree Prakash (PAN – ABFPV6398C) (hereinafter referred to as the **"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 observed to be non-genuine in nature and created false or misleading appearance of trading in terms of artificial volumes in stock options and therefore were alleged to be manipulative, deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for 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 relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations, 2003")

APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was appointed as Adjudicating Officer in the matter, conveyed vide communique dated July 06, 2021, under section 19 read with Section 15-I(1) of the SEBI Act, 1992 (hereinafter referred to as **"SEBI Act, 1992"**) and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **"Adjudication Rules"**) to conduct adjudication proceedings in the manner specified under Rule 4 of Adjudication Rules read with Section 15-I(1) and (2) of SEBI Act, 1992, and if satisfied that penalty is liable, impose such penalty deemed fit in terms of Rule 5 of Adjudication Rules and Section 15HA of SEBI Act, 1992.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice No. SEBI/ERO/GLO/AO/JC/AP/2021/25635/1 dated September 24, 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 him for the alleged violation of Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of PFUTP Regulations, 2003 and why penalty should not be imposed under Section 15HA of the SEBI Act, 1992 for the alleged violations to have been committed by Noticee. Further, a letter bearing reference no. SEBI/ERO/GLO/AO/JC/AP/2022/32176/6 dated August 02, 2022 was issued to Noticee informing 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.

5. With regard to aforementioned SCN, vide email dated November 16, 2022, Satya Prakash Verma informed about the death of the Noticee and provided a scanned copy of Death certificate of the Noticee issued by Birth/Death Registrar, Kanpur Nagar Nigam, Government of Uttar Pradesh. The death certificate shows that the Noticee passed away on November 14, 2016. The death certificate has been verified from Kanpur Municipal Corporation website using the registration number available in the death certificate.

6. It may be noted that the SCN was issued in the name of Shree Prakash whereas the death certificate is in the name of Shri Prakash Verma. On verifying PAN: ABFPV6398C with Income Tax Department, it was observed that the said PAN belongs to Shri Prakash Verma. Vide email dated November 21, 2022, Satya Prakash Verma submitted a copy of Aadhaar Card of the Noticee. The Aadhaar card

was issued in the name of Shri Prakash Verma. Further, address of the Noticee as per Income Tax Department record and as mentioned in the Aaadhaar card is the same as the address mentioned in the SCN. Hence, Shree Prakash and Shri Prakash Verma is the same person.

7. Before proceeding further in the matter on merit, it would be in the fitness of things to first decide as to whether on the death of the Noticee, the present adjudication proceedings against her would continue or abate.

8. In this regard, it is worth mentioning that in *Girijandini Vs Bijendra Narain (AIR 1967 SC 2110)*, the Hon'ble Supreme Court held that in case of personal actions, 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 *action 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."*

9. In view of the foregoing, I am of the view that the instant adjudication proceedings against the Noticee are liable to be abated without going into the merits of the case and the SCN dated September 24, 2021 issued against him is disposed of accordingly.

10. In terms of Rule 6 of the SEBI Adjudication Rules, 1995, copy of this order is sent to the Noticee's last known address and to SEBI.

Date: February 01, 2023
Place: Guwahati

JANGCHON LHOUVUM
ADJUDICATING OFFICER