

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO.: ORDER/BS/RC/2022-23/16415**

**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:

Mr. Mangi Lal Jain

PAN: ACQPJ6465Q

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

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 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 2.92 Lakh trades comprising 81.40% of all the trades executed in the Stock Options Segment at the BSE during the investigation period were reversal trades, i.e. trades which involved reversal of buy and sell positions by the clients with their respective counterparties in a contract, on the same day. Such trades were executed with significant difference in the sell value and buy value of the contract.
3. It was observed that Mr. Mangi Lal Jain (hereinafter referred to as “**Noticee**”) was one such client whose reversal trades involved squaring off open positions with a significant difference in buy and sell price. The aforesaid reversal trades allegedly resulted into generation of artificial volumes in otherwise illiquid options contracts,

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 Trade Practices relating to Securities Markets) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations, 2003**”).

APPOINTMENT OF ADJUDICATING OFFICER

4. SEBI initiated adjudication proceedings and appointed the undersigned as Adjudicating Officer (hereinafter referred to as “**AO**”) under section 15-I(1) 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, for the alleged violation of the aforesaid provisions of PFUTP Regulations, 2003 by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice bearing reference No. SEBI/OCH/9545/2022 dated March 14, 2022 (hereinafter referred to as “**SCN**”) was issued to the Noticee under Rule 4(1) of the Adjudication Rules read with sub-section (1) and (2) of Section 15I of the SEBI Act 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.
6. The SCN was sent to the Noticee through Speed Post AD (SPAD) and a copy of the SCN was sent to the registered email address of the Noticee. It was informed by Mr. Prakash Jain, the son of the Noticee *vide* email dated April 04, 2022 that Mr. Mangi Lal Jain has passed away on October 11, 2015. Mr. Prakash Jain also submitted a copy of the death certificate bearing registration number HG013/2015/001177 (hereinafter referred to as “**Death Certificate**”) issued by the Kolkata Municipal Corporation which shows that the Noticee had passed away on October 11, 2015.

7. The details provided in the Death Certificate were verified from the website of Kolkata Municipal Corporation (Link: <https://www.kmcgov.in/KMCPortal/jsp/DeathRecordSearch.jsp>). The details available on the said website viz. the name and gender of deceased, date and place of death and name of father of the deceased, all matched with the information in the Death Certificate.
8. As the last known address of the Noticee available with SEBI was different from the address on the Death Certificate, Mr. Prakash Jain was asked to clarify the discrepancy in addresses. Mr. Prakash Jain, vide email dated April 20, 2022 informed that the new address is "*Mani Kanchan Appt, 5/1/1B , Dr Radha Kumud Mukherjee Sarani P.S, Gariahat, Kolkata -19*", which is mentioned on the Death Certificate.
9. Mr. Prakash Jain, vide email dated April 22, 2022 also submitted copies of PAN Card and Aadhaar Card of the Noticee. The address mentioned on the Aadhaar Card of the Noticee is "*5/1/1B, Dr Radha Kumud Mukherjee Sarani, Ballygunge, Circus Avenue, Kolkata, West Bengal 700019*".
10. After perusal of the documents available on record, before proceeding in the matter on its merit, it would be in the fitness of things to first decide the preliminary issue as to whether in view of the demise of the Noticee, the present adjudication proceedings against the Noticee can be continued.
11. In this regard, it is relevant to note that the Hon'ble Supreme Court in the case of *Girijanandini vs. Bijendra Narain (AIR 1967 SC 2110)*, *inter-alia*, 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.
12. In view of the foregoing, I am of 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 and the Adjudication Proceedings shall stand abated.

ORDER

13. After taking into consideration of all the facts and circumstances of the case, the Adjudication Proceedings initiated against the Noticee, viz. late Mr. Mangi Lal Jain (PAN- ACQPJ6465Q), vide SCN bearing reference no. SEBI/OCH/9545/2022 dated March 14, 2022 are disposed of.
14. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticee's last known address and also to SEBI.

DATE: MAY 17, 2022

PLACE: MUMBAI

BIBHUDUTTA SAMAL

ADJUDICATING OFFICER