

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/BM/RG/2021-22/15791)**

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. Sushila Jain
(PAN: AATPJ7095D)

In the matter of dealings in Illiquid Stock Options at BSE Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter be referred to as 'SEBI') conducted investigation into the trading activity in illiquid stock options on BSE Limited (hereinafter be referred to as 'BSE') for the period April 01, 2014 to September 30, 2015 (hereinafter be referred to as 'the Investigation Period') after observing large scale reversal of trades in the Stock Options segment of the BSE.
2. The investigation revealed that during the Investigation Period, 3,58,372 trades were entered into by 21,652 entities in BSE's Stock Options segment in 23,885 different contracts. Out of these trades, a total of 2,91,643 trades comprising 81.38% of all the trades executed by 14,720 entities were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract. It was observed that Ms. Sushila Jain (hereinafter be referred to as, the Noticee) was one such client whose reversal trades involved squaring off open positions with a significant price difference without any basis for such change in the contract price. The said 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 relating to Securities Markets) Regulations, 2003 (hereinafter be referred to as, the PFUTP Regulations, 2003).

APPOINTMENT OF ADJUDICATION OFFICER

3. SEBI initiated adjudication proceedings and vide order dated July 02, 2021 appointed the undersigned as Adjudicating Officer under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter be referred to as 'SEBI Act, 1992') read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter be referred to as 'Adjudication Rules, 1995') to inquire into and adjudge under Section 15HA of the SEBI Act, 1992 for the alleged violation of aforesaid provisions of PFUTP Regulations, 2003 by the Noticee. The said appointment was communicated to the undersigned vide communique dated July 6, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice bearing Reference No. SEBI/HO/SEBI/P/OW/2021/34934/1 dated November 30, 2021 (hereinafter be referred to as 'SCN') was issued to the Noticee under Rule 4(1) of the Adjudication Rules, 1995 alleging that the Noticee entered into two non-genuine trades in the contract 'SAIL14JUN90.00PE' for a total of 1,52,000 units, which were reversed with the same counterparty on the same day, in violation of the provisions of Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of the PFUTP Regulations, 2003 and directing the Noticee to show cause as to why an inquiry should not be held and penalty be not imposed against her under Section 15HA of the SEBI Act for the aforesaid alleged violation .
5. The said SCN was returned undelivered with a remark by the postal authorities that the addressee named therein has passed away. Since the information regarding death of the Noticee could not be verified from authentic sources, a copy of the said SCN was forwarded to Western Regional Office, SEBI for service by way of affixture. Simultaneously, attempt was made to contact the

Noticee on the phone number available on record. The same was answered by her relative who informed that the Noticee has passed away on April 29, 2021 itself.

6. Thereafter, vide an undated letter (received on February 18, 2022), a notarized copy of the death certificate, issued by the Directorate of Economics & Statistics, Government of Rajasthan, was forwarded by the Noticee's relative, Mr. Aditya, which has been taken on record. The website <https://pehchan.raj.in> was also checked with the death certificate registration no. 08110015000118300849/2021 and the details of death of the Noticee have been verified. In addition, Western Regional Office, SEBI has stated that upon reaching the address of the Noticee, Mr. Sunil Jain, son of the Noticee, informed that the Noticee is no more. The SCN was received by the Noticee's son with the remark "*Sushila Jain is dead. She died on April 29, 2021*", which has been taken on record.
7. 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 worth mentioning that in *Girijanandini Vs Bijendra Narain* (AIR 1967 SC 2110), the Hon'ble Supreme Court held that in case of personal actions, 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.
8. In the matter under consideration, the Noticee passed away before issuance of the 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.

ORDER

9. In view of the foregoing, the Adjudication Proceedings initiated against the Noticee, viz. Late Ms. Sushila Jain (PAN: AATPJ7095D) vide SCN bearing

reference no. SEBI/HO/SEBI/P/OW/2021/34934/1 dated November 30, 2021 are disposed of.

10. 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.

Place: MUMBAI

BENOY MELSHIYAR

Date: March 31, 2022

ADJUDICATING OFFICER