BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER No.: ORDER/JK/GN/2022-23/22946]

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

In respect of:
Mr. Om Prakash Chhawchharia,
PAN: ACLPC8402D
In the matter of dealings in Illiquid Stock Options at BSE

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 BSE Limited (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 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 approximately 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 observed that **Mr. Om Prakash Chhawchharia** (hereinafter referred to as "**Noticee**"), was one such client whose reversal trades involved squaring off the 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) 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 the adjudication proceedings and appointed the undersigned as Adjudicating Officer (hereinafter referred to as "**AO**") 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 July 02, 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. Accordingly, in terms of Rule 4(1) of the Adjudication Rules read with Section 15I of the SEBI Act, a notice to show cause no. SEBI/HO/IVD/ID11/P/OW/2021/0000023312/5 dated September 09, 2021 (hereinafter referred to as '**SCN**'), was issued to the Noticee calling upon him to show cause as to why an inquiry should not be held against him in terms of Rule 4 of the Adjudication Rules and why penalty be not imposed under Section 15HA of the SEBI Act for the aforesaid alleged violations. The SCN was issued by speed post and a scan copy was also sent vide email dated September 13, 2021 to the Noticee on e-mail id - sitcosoap@gmail.com. The appointment order of the AO dated July 06, 2021, was also provided along with the SCN.

5. Thereafter, vide letter dated September 25, 2021, the Authorized Representatives of the Noticee requested for inspection of certain documents as well as sought for extension of time of 2 months to provide a reply in the matter. While the request for inspection of documents was denied as all the documents/ records referred to and relevant in SCN had been provided as annexures of the SCN. The Noticee was provided time till November 25, 2021, to submit his reply, which was received vide letter dated November 24, 2021. Thereafter, in the interests of natural justice, the Noticee was given an opportunity of hearing and the Authorized Representative, Mr. Anil Kumar Choudhary, was heard via WebEx platform on February 17, 2022. Thereafter, additional submissions were filed by the Authorized Representative of the Noticee on February 28, 2022.

6. While the above mentioned submissions of the Noticee were under consideration, vide email dated March 23, 2022, the Authorized Representative of the Noticee informed that the Noticee i.e., Mr. Om Prakash Chhawchharia, had passed away on March 23, 2022, and it was requested that the adjudication proceedings against him be disposed of. Vide email dated August 12, 2022, the Authorized Representative of the Noticee was advised to furnish the death certificate of Mr. Om Prakash Chhawchharia issued by the Competent Authority, which was furnished vide email dated August 22, 2022.

7. From the certificate issued by the Department of Health, Government of Maharashtra, I note that the Noticee has expired on March 23, 2022, and the death was notified in records on April 17, 2022, wherein, a death certificate dated April 17, 2022, was issued by Sub-Registrar (Birth & Death), Municipal Corporation of Aurangabad Ward B, bearing registration no. D-2022: 27-90349-000217. The death certificate was also verified from the website, crsorgi.gov.in, by using the QR code mentioned in the certificate.

8. Therefore, before proceeding further in the matter on merit, it would be appropriate to first decide as to whether, on the death of the Noticee, the present adjudication proceedings against him would continue or abate. In this case, I note that the

allegations have been levelled against the Noticee in his personal capacity, Thus, I note that the proceedings are against the acts of omission and commission of a person who is no more to face the charges.

9. 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."*

ORDER

10. In view of the foregoing, I am of the view that the instant adjudication proceedings against the Noticee viz., **Mr. Om Prakash Chhawchharia (PAN: ACLPC8402D)** are liable to be abated without going into the merits of the case *qua* him and the SCN dated September 9, 2021, issued against the Noticee is disposed of accordingly.

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

Date: January 19, 2023
Place: Mumbai

Jitendra Kumar
Adjudicating Officer