BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SS/MK/2022-23/24716]

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

In respect of:

Late Shankar Lal Thard

(PAN: ABBPT9489L)

In the matter of dealings in Illiquid Stock Options at 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 observed that **Shankar Lal Thard** (hereinafter referred to as "**Noticee**"), bearing PAN – ABBPT9489L, was one such client whose reversal trades involved squaring off open positions with a significant 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 19 read with 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 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. Show Cause Notice No. SEBI/WRO/JLO/SKS/11476/2022 dated March 17, 2022 (hereinafter referred to as "**SCN**"), was issued to the Noticee in terms of Rule 4(1) of the Adjudication Rules, to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee in terms of section 15HA of the SEBI Act, for alleged violation of regulation 3(a),(b),(c),(d) and regulations 4(1), 4(2)(a) of the SEBI PFUTP Regulations, 2003.

5. With regard to the aforementioned SCN, vide letter dated April 05, 2022, Mr. Sanjay Kumar Thard, son of Noticee informed about the death of the Noticee and had also provided a notarized copy of the Death certificate of the Noticee, issued by the Department of Health & Family Welfare, Government of West Bengal. The death certificate has been verified from the official website of Kolkata Municipal Corporation and appears to be in order. On perusal of the death certificate, I note that Noticee passed away on September 05, 2021.

6. 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 him would continue or abate.

7. In this regard, it is worth mentioning that in the case of *Girijandini vs. Bijendra Narain (AIR 1967 SC 1124)*, the Hon'ble Supreme Court held 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. It is also relevant to refer to the decision of the Hon'ble Securities Appellate Tribunal in the matter of *Chandravadan J Dalal Vs. SEBI (Appeal No. 35/2004)*, decided on June 15, 2005, wherein it was held that 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

8. 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 *qua* him and the SCN dated March 17, 2022 issued against the Noticee is disposed of.

9. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to SEBI and to the last known address of deceased Noticee as well as to the last known address of Mr. Sanjay Kumar Thard, who informed SEBI about the demise of the Noticee.

DATE: MARCH 17, 2023	**SUNIL KUMAR SINGH**
PLACE: JAIPUR	**ADJUDICATING OFFICER**