BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO.: Order/VA/VS/2022-23/22324)

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. Geeta Devi Navetia
PAN No: AAVPN1604N
11 Krishana Kunj Apartment,
Sahdeo Mehto Marg,
Patna, Bihar-800001

In the matter of

Dealing in illiquid stock options at BSE

FACTS 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'**) 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 81.40% of all the trades executed in the Stock Options Segment at 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 also observed that the aforesaid trades resulted into alleged creation of artificial volume to the tune of 826.21 crore units or 54.68% of the total market volume in the Stock Options segment of BSE during the investigation period. In view of the large scale reversal of trades that were observed in the illiquid Stock Options segment at BSE, it is alleged that these trades were non-genuine in nature.

3. It was observed that Ms. Geeta Devi Navetia (PAN No: AAVPN1604N) (hereinafter referred to as '**Noticee**') was one of the various entities who had indulged in the execution of the non-genuine trades in the Stock Options Segment at BSE during the above referred investigation period. It was

observed that Noticee had entered into reversal trades with her counterparty which involved squaring off transactions with significant difference in sell value and buy value of the transactions. It was therefore alleged that Noticee had executed the reversal trades, which were non-genuine in nature and have created false or misleading appearance of trading in terms of creation of artificial volume in the Stock Options segment at BSE and therefore, it is alleged that the Noticee has violated the provisions of regulations 3(a), (b), (c), (d) and regulation 4(1), 4(2) (a) of the SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**'). In view of the above reasons, adjudication proceedings have been initiated against the Noticee under the provisions of section 15 HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**').

APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned was appointed as the Adjudicating Officer, vide *communique* dated September 27, 2021 under section 19 read with section 15-I of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under the provisions of section 15HA of the SEBI Act the aforementioned alleged violation of the provisions of law by the Noticee.

SHOW CAUSE NOTICE, HEARING AND REPLY

5. Show Cause Notice ref. SEBI/HO/ISD/ISD-ISD/P/OW/2021/14947/1 dated April 05, 2022 (hereinafter referred to as '**SCN**') was issued to the Noticee in terms of rule 4 of the Adjudication Rules requiring the Noticee to show cause as to why an inquiry should not be held against her and why penalty, if any, should not be imposed on the Noticee under the provisions of section 15HAof the SEBI Act. Further, a letter bearing ref. SEBI/HO/ISD/ISD-PoD-1/P/OW/2022/41087/1 dated August 11, 2022 was issued to Noticee. In the said letter, the Noticee was informed 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 and in case, Noticee do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, Noticee was advised to file a reply to the SCN within 30 days of the receipt of the said letter.

6. With regard to the SCN and SEBI's letter dated August 11, 2022, vide letters dated May 13, 2022 and November 25, 2022, Mr. Atma Ram Navetia, 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 Planning and Development, Municipal Corporation Patna, Government of

Bihar. On perusal of the death certificate, I note that Noticee expired on April 09, 2021, which is much before the initiation of the instant proceedings.

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 context, it is relevant to note that the Hon'ble Supreme Court in the case of *Girijandini vs. Bijendra Narain (AIR 1967 SC 1124)*, *inter alia*, observed 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

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 *qua* her and the SCN dated April 05, 2022 issued against her is disposed of accordingly.

10. 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 as well as email id of Mr. Atma Ram Navetia, who informed SEBI about the demise of the Noticee and who is stated to be the next of kin of the deceased Noticee.

Date: December 21, 2022
Place: Mumbai

VERSHA AGARWAL
ADJUDICATING OFFICER