BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/SK/RC/2021-22/15464]

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:

Late Raj Kumar Agarwal [PAN: ABHPA5487H]
Flat No D-802, Plot No-GH05B,
Sunshine Helios Sector -78,
Nr-Metro Station, Noida,
Uttar Pradesh - 201301

In the matter of dealings in Illiquid Stock Options at BSE

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") observed large scale reversal of trades in stock options segment of Bombay Stock Exchange (hereinafter referred to as "BSE"). SEBI observed that such large scale reversal of trades in stock options lead to creation of artificial volume at BSE. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in illiquid stock options at BSE for the period April 01, 2014 to September 30, 2015.

2. Pursuant to investigation, it was observed during the investigation period, certain entities were involved in reversal trades in BSE's Stock Options Segment. A total of 2,91,744 trades comprising 81.40% of all the trades executed in BSE Stock Options Segment reversal trades, which involved squaring off transactions (i.e. buy and sell positions) by the same set of counterparties in a contract, but with significant difference in the sell value and buy value of the transactions. The aforesaid reversal trades allegedly resulted into generation of artificial volumes in otherwise illiquid option contracts.

3. It was observed that Raj Kumar Agarwal [PAN: ABHPA5487H] (hereinafter referred to as the "Noticee") was one of the various entities who indulged in execution of reversal trades in stock options segment of BSE during the investigation period. Such trades were observed to be non-genuine in nature and created false or misleading appearance of trading in terms of artificial volumes in illiquid stock options and therefore were alleged to

be manipulative, deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for violation of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations, 2003").

APPOINTMENT OF ADJUDICATING OFFICER

4. SEBI initiated adjudication proceedings and appointed the undersigned as the adjudicating officer under section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "SEBI Act") read with rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the "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 provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations. The said appointment was communicated vide communiqué dated July 06, 2021. Further, SCN was issued through Speed Post Acknowledgement Due (hereinafter referred to as **"SPAD"**) to the Noticee and the same was served on October 05, 2021.

CONSIDERATION OF ISSUES AND FINDINGS

5. The undersigned was informed by wife of the Noticee (Vimla Agarwal) that Noticee (Raj Kumar Agarwal) have passed away on July 29, 2020. A death certificate dated September 01, 2020 issued by Department of Medical and Health, Government of Uttar Pradesh was produced along with the said email. It was observed that it was not a notarized copy. Therefore, vide email dated February 21, 2022, a notarized copy of death certificate was sought and the same was submitted vide email dated March 11, 2022. It is observed that the Noticee expired before adjudication proceedings against him.

6. In this regard, 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.

7. Relying on the aforementioned Order of the Hon'ble Supreme Court, 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. Consequently, no penalty is imposed on the Noticee who is since deceased and the Adjudication Proceedings against the Noticee stand abated.

ORDER

8. After taking into consideration all the facts and circumstances of the case, the Adjudication Proceedings initiated against the Noticee, viz. Late Mr Raj Kumar Agarwal (PAN-ABHPA5487H), vide SCN bearing reference no. SEBI/HO/IMD/CIS/OW/25774/2021/1 dated September 27, 2021 are disposed of.

9. In terms of rule 6 of the Adjudicating Rules, 1995, copy of this order is sent to the Noticee's last known address.

Date: March 22, 2022
Place: Mumbai

SARIKA KATARIA
ADJUDICATING OFFICER