BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/RK/DS/2022-23/22344]

UNDER SECTION 15-I (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995.

In respect of –

1. **Late Seema Devi Sharma** (PAN: AKSPS0078A) having address at – 38, Chanditala Lane Kolkata, Kolkata, West Bengal, 700040

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

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 2,91,643 trades comprising 81.38% 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 **Seema Devi Sharma** (hereinafter referred to as "**Noticee**"), bearing PAN – AKSPS0078A, 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 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. Show Cause Notice No. SEBI/ERO/RK/DPS/OW/2021/22971/1 dated September 03, 2021 (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 PFUTP Regulations, 2003. Further, a letter bearing ref. SEBI/ERO/OW/2022/0035006/1 dated August 03, 2022 and SEBI/ERO/RK/DPS/OW/2022/061336/1 dated December 8, 2022 was issued to Noticee, informing 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. In this regard, Rani Choudhury vide email dated December 21, 2022, attached the

Death certificate of the Noticee issued by the Department of Health & Family Welfare, Kolkata Municipal Corporation, Government of West Bengal.

5. On perusal of the death certificate and verification from the Official Website of Kolkata Muncipal Corporation, I note that Noticee passed away on January 01, 2022, which is during the pendency of the instant proceedings.

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 her would continue or abate.

7. 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

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* her and the SCN dated September 03, 2022 issued against her is disposed of accordingly.

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 email id of Rani Choudhury, who informed SEBI about the demise of the Noticee.

DATE: DECEMBER 23, 2022 **RAJKUMAR KALURI**

PLACE: MUMBAI **ADJUDICATING OFFICER**