BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/SKV/AK/2022-23/ 26800)

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. Taraben Babulal Shah
(PAN: AQBPS7026H)
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**') had conducted an investigation into large scale reversal of trades in Stock Options segment of Bombay Stock Exchange (hereinafter referred to as '**BSE**') during the period of April 01, 2014 to September 30, 2015 (hereinafter referred to as **'investigation period'**).

2. Pursuant to investigation, it was observed that during the investigation period, a total of 2,91,744 trades comprising 81.38% of all the trades executed in the Stock Options Segment were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract. The reversal trades involved squaring off trades, 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 Stock Options segment of BSE during the Investigation period. **Late Taraben Babulal Shah** (hereinafter referred to as '**Noticee**') was one among the entities who indulged in reversal trades, which allegedly created false and misleading appearance of trading, thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The Noticee was alleged to be one of the entities who has

engaged in reversal trades through 2 trades in 1 unique contract, which led to generation of artificial volume of 43,000. These trades of the Noticee involved reversal with the same counterparty on the same day, but at a different price. The trades entered by the Noticee were reversed on the same day with same counterparty, at a substantial price difference without any basis for significant changes in the contact price which indicates that these trades were artificial and non- genuine in nature.

APPOINTMENT OF ADJUDICATING OFFICER

3. In this connection, SEBI had initiated adjudication proceedings against Noticee, under SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations'**), in the matter of trading in illiquid stock options at BSE. Vide Order dated July 02, 2021 and Communiqué dated July 06, 2021, Ms. Sudha Rani R. Thirukonda (Deputy General Manager) was appointed as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act'**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Thereafter vide Order dated March 16, 2023 Ms. Asha Shetty, Chief General Manager was appointed as Adjudicating officer. Pursuant to transfer of erstwhile Adjudicating officer Ms. Asha Shetty, the instant matter *vide* AO communication dated March 17, 2023, was transferred to the undersigned.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice no. SEBI/HO/LAD1/LAD1_DOP4/OW/36203/1 dated December 08, 2021 (hereinafter referred to as **'SCN'**) was served at the available address of the Noticee, under Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as

'Adjudication Rules') read with section 15I of the SEBI Act, to show cause as to why an inquiry should not be held and penalty be not imposed against her under Section 15HA of the SEBI Act for the alleged violations of Regulations 3(a), (b), (c), (d) and 4(1), (2)(a) of the PFUTP Regulations. Thereafter, Hearing notice vide No. SEBI/HO/LAD1/LAD1_DOP4/OW/7456/1 dated February 21, 2022 was served at the available address of the Noticee. Another, Notice Vide No. SEBI/HO/LAD1/LAD1_DOP4/P/OW/2022/38192/1 dated August 08, 2022 *interalia* informing about the SEBI settlement scheme 2022, its process and timelines for availing the same was sent to the Noticee. All these Notices were duly served at the address of the Noticee through SPAD.

5. The undersigned notes from records that, Mr. Nitin Babulal Shah has *interalia* informed erstwhile AO vide letter dated August 18, 2022 that, Ms. Taraben Babulal Shah (Noticee) had passed away on July 12, 2017. The letter also contains copy of death certificate No. 0445617 with registration No. WZ/2017/1139 dated July 15, 2017. The death certificate was verified by details given on the death certificate, leading to the data verification of the aforesaid death certificate hosted at the website www.eolakh.gujarat.gov.in used by Surat Municiapl Corporation, Gujarat.

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 worth mentioning that in **Girijanandini Vs Bijendra Narain** (AIR 1967 SC 2110), the Hon'ble Supreme Court held that in case of personal actions, 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 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."

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 December 08, 2021 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 Mr. Nitinbhai Babulal Shah (Son of Late Ms. Taraben Babulal Shah) at the last known address of deceased Noticee.

Place: Mumbai	**SHASHIKUMAR VALSAKUMAR**
Date: 29th May, 2023	**ADJUDICATING OFFICER**