

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO.: Order/DJ/SS/2021-22/15210

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:

Ram Ratan Goel

PAN: ADUPG1561B

In the matter of dealings in Illiquid Stock Options at the Bombay Stock Exchange

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 81.40% 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 Mr. Ram Ratan Goel (hereinafter referred to as “Noticee”) 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 "SEBI Rules") vide order dated April 30, 2021 to inquiry 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. A Show Cause Notice bearing reference no. SEBI/HO/MIRSD/OW/P/2021/21932/1 dated August 31, 2021 (hereinafter referred to as "SCN") was issued to the Noticee under Rule 4(1) of the SEBI Rules to show cause as to why an inquiry should not be initiated against the Noticee and why penalty should not be imposed upon the Noticee under Section 15HA of the SEBI Act for the violations alleged to have been committed by the Noticee.

5. The undersigned was informed vide letter dated September 27, 2021 from Mr. Sanjay Goel (Son of Late Mr. Ram Ratan Goel) that the Noticee had passed away on December 26, 2020. A notarised copy of death certificate dated January 15, 2021 issued by the Kolkata Municipal Corporation, Government of West Bengal was produced along with the said letter. It is observed that the Noticee expired before initiation of the present 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. Ram Ratan Goel (PAN - ADUPG1561B), vide SCN bearing reference no. SEBI/HO/MIRSD/OW/P/2021/21932/1 dated August 31, 2021 is disposed of.

9. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent at the address of the Noticee and also to SEBI.

DATE: FEBRUARY 28, 2022

DINESH JOSHI

PLACE: MUMBAI

ADJUDICATING OFFICER