

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/AK/BS/2022-23/28578)**

**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:

RUKMINI DEVI AGARWAL

PAN: AFLPA8868A

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 the 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, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract. The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price. **Rukmini Devi Agarwal** (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 trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership

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/ rights in the contracts. These factors indicated that these trades were allegedly artificial and non- genuine in nature.

APPOINTMENT OF ADJUDICATING OFFICER

3. In this connection, SEBI initiated adjudication proceedings against the 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 Trade Practices relating to Securities Markets) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**'), in the matter of trading in illiquid stock options at BSE and appointed Mr. B. Shyam Rao. as the Adjudicating Officer (AO) under Section 15-I of the SEBI Act read with Rule 3 of the Adjudication Rules, vide communication dated July 06, 2021. Subsequently, the instant matter was reassigned and the undersigned was appointed as the Adjudicating Officer, vide communique dated March 17, 2023, in the instant matter.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice bearing reference number SEBI/HO/IVD/ID17/BSR/HA/2021/34013/1 dated November 25, 2021 (hereinafter referred to as '**SCN**') was served on the Noticee, in terms of the provisions of rule 4 of the Adjudication Rules read with Section 15-I of the SEBI Act, requiring the Noticee to show cause as to why an inquiry should not be held against her in terms of Rule 4 of the Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, should not be imposed on Noticee under Section 15HA of the SEBI Act for the aforesaid alleged contraventions done by her. In the SCN, 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 SCN.

5. With regard SCN, *vide* email dated November 16, 2022, Mr. Sumit Agarwal, grandson of the Noticee, provided a copy of the death certificate of the Noticee, issued by Asansol Municipal Corporation at Kulti Office, Government of West Bengal, Department of Health & Family Welfare. Further, *vide* email dated August 05, 2023 Mr. Sumit Agarwal submitted scanned copy of an affidavit declaring that the Noticee was his grandmother and that she had passed away on July 27, 2019.
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 November 25, 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 the last known address of deceased Noticee as well as to Mr. Sumit Agarwal, grandson of the Noticee.

Date: August 09, 2023

Place: Mumbai

AMIT KAPOOR

ADJUDICATING OFFICER