BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO.: Order/HS/PA/2021-22/15795

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 BY ADJUDICATING OFFICER) RULES, 1995

In respect of:

Late Rashmi Jain

PAN: AAHPJ9452C

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

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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 Ltd. (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 81.41% of all the trades executed in the Stock Options Segment at 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 Rashmi Jain (hereinafter referred to as "Noticee") was one such client who indulged in execution of reversal trades in Stock Options Segment of BSE during the investigation period. 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), 4(1) and 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “ PFUTP Regulations, 2003”).

APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was appointed as the Adjudicating Officer in the matter, conveyed vide communique dated September 27, 2021, under section 19 read with section 15-I (1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act”) and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as “Adjudication Rules”) to conduct adjudication proceedings in the manner specified under rule 4 of the Adjudication Rules read with section 15-I (1) and (2) of SEBI Act, and if satisfied that penalty is liable, impose such penalty as deemed fit in terms of rule 5 of Adjudication Rules and section 15HA of SEBI Act.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice bearing reference no. SEBI/HO/IMD/IMD-1 DOF-2/P/OW/2022/0000004711/1 dated February 08, 2022 (hereinafter referred to as “SCN”) was issued to the Noticee under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be initiated against the Noticee and penalty be not be imposed under Section 15HA of the SEBI Act for the violations alleged to have been committed by the Noticee. The SCN sent to the Noticee was duly served upon the Noticee via Speed Post Acknowledgement Due.

5. The husband of the Noticee, Mr. Dhanesh Kumar Jain, vide letter dated February 17, 2022 informed that the Noticee had expired on May 10, 2021. A copy of the death certificate dated May 14, 2021 of the Noticee issued by East Delhi Municipal Corporation, Govt. of National Capital Territory of Delhi was provided along with the said letter. Thereafter, vide email dated March 04, 2022, a notarized copy of

death certificate along with the copy of the PAN card of the Noticee and a copy of identity and address proof of Mr. Dhanesh Kumar Jain were sought. Accordingly, Mr. Dhanesh Kumar Jain submitted duly notarized copy of death certificate along with the copy of PAN card of the Noticee on March 07, 2022. The death certificate of the Noticee bearing registration no. MCDOLIR-0221-285500 was duly verified from the website of the East Delhi Municipal Corporation, Govt. of National Capital Territory of Delhi.

6. Thus, the proceedings are against the acts of omission and commission of person who is no more to face the charges. 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. It is also relevant to refer to the decision of Hon'ble Securities Appellate Tribunal in *Chandravand 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 appeal died on 29th November 2004. The appeal accordingly abates. The penalty imposed on the original appellant being personal in nature also abates."*

7. In the matter under consideration, the Noticee deceased before the issuance of SCN. Therefore, I am of 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 deceased and the adjudication proceedings against the Noticee stand abated.

ORDER

8. In view of the foregoing, the adjudication proceedings initiated against the Noticee, Late Rashmi Jain (PAN-AAHPJ9452C), vide SCN bearing reference no.

SEBI/HO/IMD/IMD-1 DOF-2/P/OW/2022/0000004711/1 dated February 08, 2022 are disposed of.

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

DATE: March 31, 2022	**HRUDA RANJAN SAHOO**
PLACE: MUMBAI	**ADJUDICATING OFFICER**