BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO.: Order/AK/YR/2022-23/15829

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:
Mrs. KAMLA DEVI MOHNOT
PAN: AFFPM2495F
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 (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 Mrs. Kamla Devi Mohnot (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 Trade 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. A Show Cause Notice bearing reference no. SEBI/HO/EFD2/EFD2_SD/P/OW/2021/24804/1 dated September 27, 2021 (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 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. Vide e-mail dated October 07, 2021, the son of the noticee, Mr. Ravindra Singh Mohnot has replied stating that "I am writing on behalf of Late Noticee Mrs. Kamla Devi Mohnot (Late Noticee) to the captioned SCN, who was my mother. It is submitted that Late Noticee met with her demise on 02nd May 2021. Enclosed is the death certificate for your records. In the circumstances, you are requested to abate the

proceedings against the Late Noticee without going into the merits of the case as the proceedings are against the acts of omission and commission of a person who is no more to face the charges".

6. The Death Certificate provided by Mr. Ravindra Singh Mohnot, issued by the Directorate of Economics & Statistics, Government of Rajasthan shows that the Noticee had passed away on May 02, 2020. Accordingly, the details provided in the death certificate dated May 07, 2020 were verified from the website of Government of Rajasthan. The details available in the said website matched with the death certificate dated May 07, 2020. Therefore, it is observed that the Noticee expired before issuance of the SCN in the present adjudication proceedings.

7. After perusal of the documents available on record, before proceeding in the matter on its merit, it would be in the fitness of things to first decide the preliminary issue as to whether in view of the demise of the Noticee, the present adjudication proceedings against the Noticee can be continued.

8. 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.

9. Therefore, 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 and the Adjudication Proceedings shall stand abated.

ORDER

10. After taking into consideration of all the facts and circumstances of the case, the Adjudication Proceedings initiated against the Noticee, viz. Late Mrs. Kamla Devi Mohnot (PAN-AFFPM2495F), vide SCN bearing reference no. SEBI/HO/EFD2/EFD2_SD/P/OW/2021/24804/1 dated September 27, 2021 are disposed of.

11. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticee and also to SEBI.

DATE: April 12, 2022 **J ASHOK KUMAR**

PLACE: MUMBAI **ADJUDICATING OFFICER**