BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/PM/RD/2021-22/15506

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of

(Late) Shri Gopal Ram Gupta

(PAN: ADTPG3584H)

In the matter of dealings in Illiquid Stock Options on BSE

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") observed large scale reversal of trades in stock options segment of 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 activities of certain entities in illiquid stock options at BSE for the period April 1, 2014 to September 30, 2015 (hereinafter referred to as "**Investigation Period**").

2. Pursuant to investigation, it was observed that a total of 2,91,744 trades comprising 81.40% of all the trades executed in stock options segment of 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. The reversal trades involved squaring off transactions, but with significant difference in the sell value and buy value of the transactions. It was observed that Shri Gopal Ram Gupta [PAN- ADTPG3584H] (hereinafter referred to as the "**Noticee**") was one of the entities who indulged in execution of reversal trades in stock options segment of BSE during the Investigation Period at a substantial price difference without any basis for significant change in the contract price which indicates that these trades are artificial and are non- genuine in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for violation of the provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1) & 4(2)(a) of 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 Adjudicating Officer in the matter, under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") 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. HRD/ADJ/PM/OW/P/39159/1/2021 dated December 24, 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 under Section 15HA of the SEBI Act, 1992 for the violations alleged to have been committed by the Noticee.

5. The SCN was issued to the Noticee via Speed Post Acknowledgement Due and via email dated December 27, 2021.

6. The undersigned was informed vide letter dated January 07, 2022 by Shri Aadarsh Kothari, the Authorized Representative (AR) of Shri Rajesh Gupta (s/o Shri Gopal Ram Gupta) that Shri Gopal Ram Gupta (Noticee) had passed away on January 09, 2021. Copy of Death Certificate issued by Kolkata Municipal Corporation, Health Department, Government of West Bengal to this effect has been produced along with the said letter. A letter of authority by Shri Rajesh Gupta (son of the Noticee) was also furnished. The Death Certificate has been verified from the website of Kolkata Municipal Corporation.

7. Thus, the proceedings are against the acts of omission and commission of a 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 matter of Girijanandini Vs Bijendra Narain (AIR

1967 SC 1124) 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 the 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 do not survive and are liable to be abated without going into the merits of the case *qua* him and the SCN dated December 24, 2021 issued against him is disposed of accordingly. Consequently, no penalty is imposed on the Noticee i.e. Shri Gopal Ram Gupta who is since deceased.

ORDER

9. After taking into consideration all the facts and circumstances of the case, the Adjudication Proceedings initiated against Noticee i.e. Shri. Gopal Ram Gupta vide SCN no. HRD/ADJ/PM/OW/P/39159/1/2021 dated December 24, 2021 are disposed of.

10. Copy of this Adjudication Order is sent to the Noticee's last known address, the AR and also to SEBI in terms of Rule 6 of the Adjudication Rules,1995.

Date : March 25, 2022 **PREETI MAHESHWARI**

Place : MUMBAI **ADJUDICATING OFFICER**