BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/BS/LD/2023-24/26928)

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

(Late) Saroj Devi Maskara
(**PAN: ATVPM4667R**)
In the matter of dealings in Illiquid Stock Options at the BSE

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), observed large scale reversal of trades in Illiquid Stock Options (hereinafter referred to as "**ISO**") segment of Bombay Stock Exchange (hereinafter referred to as "**BSE**") leading to creation of artificial volume. Reversal trades are those trades in which an entity reverse its buy or sell positions in a contract with subsequent sell or buy position with the same counter party. The said reversal trades are alleged to be non-genuine trades as they are not executed in the normal course of trading, lack basic trading rationale and allegedly lead to false or misleading appearance of trading in terms of generation of artificial volume, hence were deceptive and manipulative in nature.

2. SEBI conducted an investigation into the trading activities of certain entities in ISO, BSE for period April 1, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period/IP"). Pursuant to investigation, it was observed that during IP, huge number of trades executed in Stock Options of BSE were non-genuine. trades. The aforesaid non-genuine trades resulted in creation of artificial volume to

the tune of 826.21 crore units or 54.68% of the total market volume in Stock Options segment of BSE during the IP.

3. It was alleged that Ms. Saroj Devi Maskara ((hereinafter referred to as “**Noticee**”) was one of the entities who had indulged in creating artificial volume of 2,72,000 units through 2 non-genuine trades in 1 stock option contract. Following is noted from the dealings of the Noticee in aforesaid 1 contract viz, “UCOB15APR55.00PEW2” at BSE

   a. During the investigation period, 2 trades for 2,72,000 units were executed by the Noticee in said contract on 25/03/2015.

   b. While dealing in the said contract on 25/03/2015, at 09:47:49 hrs, the Noticee entered into a sell trade with counterparty, Tribute Trading and Finance Limited for 1,36,000 units at Rs. 1.5 per unit. At 11:03:54 hrs, the Noticee entered into a buy trade with the same counterparty for 1,36,000 units at Rs. 0.05 per unit.

   c. Noticee’s two trades while dealing in the aforesaid contract during the investigation period allegedly generated an artificial volume of 2,72,000 units, which made up of 6.19% of total market volume in the said contract during this period.

4. In view of the foregoing, it was alleged that the Noticee had entered into reversal trades in BSE ISO and these reversal trades were non-genuine in nature and have created false and misleading appearance of trading in terms of artificial volume in Stock Options and therefore alleged to be manipulative, deceptive in nature. The Noticee was alleged to have violated Regulations 3(a), (b), (c) and (d), 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**”).

APPOINTMENT OF ADJUDICATING OFFICER

5. Vide an order of the Competent Authority, SEBI, dated July 06, 2021,Shri Anshuman Das, Deputy General Manager was appointed as the Section 15--I of

Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "Rules") to inquire and adjudge under section 15HA of SEBI Act. Thereafter, vide order dated March 17, 2023, the matter was transferred to Shri Sahil Malik Chief General Manager. On transfer of Shri Malik, the matter was subsequently transferred to me vide communique dated April 21, 2023.

SHOW CAUSE NOTICE, REPLY AND HEARING

6. Based on the findings by SEBI, Show Cause Notice dated January 28, 2022 (hereinafter referred to as "**SCN**") was served on the Noticee under Rule 4(1) of Rules to show cause as to why an inquiry should not be held and penalty should not be imposed on her for the alleged violations.

7. Vide letter dated August 09, 2022, a post SCN intimation was sent and the Noticee was informed about the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of ISO.

8. In response to the aforesaid post SCN intimation, vide letter dated November 11, 2022, Shri Akash Maskara (son of the Noticee) submitted that his mother had passed away on 08/09/2017. The death certificate of the Noticee issued by Health Department, Kolkata Municipal Corporation was submitted and the same was cross verified from the website of Kolkata Municipal Corporation. I note that the date of death on the death certificate of the Noticee is stated as 08/09/2017 (registration no. 13969).

9. Before proceeding further in the matter on merit, it would be in the fitness of things to first decide as to whether on account of the death of the Noticee, the present adjudication proceedings against her would continue or abate.

10. 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 maximactio 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 SAT 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.

11. In view of the foregoing, I am of the view that the instant adjudication proceedings against the Noticee abates without going into the merits of the case qua her and the SCN dated March 25, 2022 issued against her, accordingly, is disposed of.

12. 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.

Date**: May 31, 2023** **BIJU S.**
Place: **Mumbai** **ADJUDICATING OFFICER**