BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/AK/BS/2023-24/26438)

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 Kamla Devi Agarwal
(PAN: AEFPA2452K)
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. Kamla 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 / 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 had initiated adjudication proceedings against 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 Trading 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 Shri J. Ashok Kumar as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**) to inquire into and adjudge the alleged violations by the Noticee and determine whether penalty under Section 15HA of the SEBI Act is liable to be imposed. Thereafter, vide order dated March 17, 2023 undersigned was appointed as Adjudicating Officer in the instant matter.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice dated September 27, 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 Noticee 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 under Section 15HA of the SEBI Act for the aforesaid alleged contraventions done by Noticee.

5. With regard to the aforementioned SCN, Mr. Satya Vrat Agarwal, son of Noticee, vide letter dated October 05, 2021, informed that Noticee has expired on March 19, 2020 and forwarded a copy of death certificate.

6. The Death Certificate provided by Mr. Satya Vrat Agarwal, shows that Noticee had passed away on March 19, 2020. Death Certificate bearing registration number MCDOLIR-0220-199065 is issued by South Delhi Muncipal Corporation. I note from the perusal of said death certificate that Noticee expired on March 19, 2020.

7. 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 him would continue or abate.

8. 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."*

ORDER

9. 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 September 27, 2021 issued against her is disposed of accordingly.

10. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to SEBI and to Mr. Satya Vrat Agarwal, Son of Noticee.

Place: Mumbai **AMIT KAPOOR**

Date: May 15, 2023 **ADJUDICATING OFFICER**