BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/SKV/GD/2023-24/26223)

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 Rajrani Sikka

(PAN: AFHPS0068L)

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**') observed large scale reversal of trades in stock options segment of Bombay Stock Exchange (hereinafter referred to as '**BSE**'). Subsequently, upon investigation of trading done during the period from April 01, 2014 to September 30, 2015 (hereinafter referred to as **'investigation period'**), SEBI observed large scale reversal of trades by various entities including **Late Rajrani Sikka** (hereinafter referred to as '**Noticee**'). The reversal trades comprised of 81.38% (2,91,643 trades) of all the trades executed in BSE stock options segment wherein the open positions were squared off with a significant price difference without any basis for such change in the contract price. It was alleged that the aforesaid reversal trades were non-genuine in nature and resulted into generation of artificial volumes. The Noticee was alleged to have engaged in 4 such reversal trades in 2 unique contracts wherein the position taken was reversed with same counterparties on the same day, but at a substantial price difference.

APPOINTMENT OF ADJUDICATING OFFICER

2. 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. Shri Prasanta Mahaptara was appointed as Adjudicating Officer vide order dated July 27, 2021 under section 19 read with sub-section (1) of section 15-I 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) Rules 1995 (hereinafter referred to as the "Adjudication Rules") 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. Pursuant to the transfer of erstwhile Adjudicating officer Shri Prasanta Mahaptara, vide communique dated July 27, 2022, the matter was transferred to Ms. Asha Shetty. Subsequently upon transfer of Ms. Asha Shetty vide communique dated April 17, 2023, the instant matter was transferred to the undersigned.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. A Show Cause Notice no. EAD-8/PM/GD/ISO-II/15686/17/2022 dated March 31, 2022 (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 her in terms of Adjudication Rules read with section 15-I of the SEBI Act, and penalty, if any, should not be imposed on Noticee under section 15HA of the SEBI Act for the aforesaid alleged contraventions done by her. I note that the SCN was duly served on the address of the Noticee through SPAD and email. Subsequently, a notice no. EAD-8/AS/GD/2022/36546/1 dated August 03, 2022 was served on the Noticee informing her inter-alia about the SEBI Settlement Scheme, 2022, in terms of Regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options and in case, Noticee did not wish to avail of the facility under the SEBI Settlement Scheme, 2022, Noticee was advised to file a reply to the SCN within

30 days of the receipt of the SCN. The aforesaid Notice was duly served to the Noticee through SPAD and email.

4. In reply to the SCN, vide email dated February 15, 2023, the Authorized representative (hereinafter referred to as “AR”) of the Noticee informed about the demise of Noticee and requested to drop the adjudication proceedings in respect of Noticee. A Notarized copy of the death certificate of the Noticee issued by the Registrar (Birth & Death) Nagar Nigam Moradabad was also forwarded. The death certificate shows that the Noticee passed away on October 15, 2022.Vide email dated March 03, 2023 and April 03 2023, AR of Noticee was asked to submit the original Notarized Death certificate of the Noticee. Vide letter dated April 04, 2023, AR of the Noticee has submitted the original Notarized death certificate of the Noticee.

5. 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 her would continue or abate.

6. 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.”*

7. 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 March 31, 2022 and Notice dated August 03, 2022 issued against her is disposed of accordingly.

8. 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 as well as to the AR.

Place: Mumbai **SHASHI KUMAR VALSAKUMAR**

Date: May 04, 2023 **ADJUDICATING OFFICER**