**BEFORE THE ADJUDICATING OFFICER**
**SECURITIES AND EXCHANGE BOARD OF INDIA**
**ADJUDICATION ORDER NO.: Order/HS/SK/2022-23/21388**

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**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 Rasiklal S Sheth**
**PAN: AUDPS9698F**
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 Ltd. (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 81.41% of all the trades executed in the Stock Options Segment at 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 Rasiklal S Sheth (hereinafter referred to as "Noticee") was one such client who indulged in execution of reversal trades in Stock Options Segment



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of BSE during the investigation period. 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), 4(1) and 4(2)(a) of the 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 the Adjudicating Officer in the matter vide order dated September 20, 2021, conveyed vide communique dated September 27, 2021, under section 19 of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act”) read with section 15-I (1) of the SEBI Act and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “SEBI Rules”) to conduct adjudication proceedings in the manner specified under rule 4 of the SEBI Rules read with section 15-I (1) and (2) of SEBI Act, and if satisfied that penalty is liable, impose such penalty as deemed fit in terms of rule 5 of SEBI Rules and section 15HA of SEBI Act.

## ***SHOW CAUSE NOTICE, REPLY AND HEARING***

4. A Show Cause Notice bearing reference no. SEBI/HO/IMD/IMD-1 DOF-2/P/OW/2022/0000004752/1 dated February 08, 2022 (hereinafter referred to as “SCN”) was issued to the Noticee under Rule 4(1) of the SEBI Rules to show cause as to why an inquiry should not be initiated against the Noticee and penalty be not be imposed under Section 15HA of the SEBI Act for the violations alleged to have been committed by the Noticee. The SCN sent to the Noticee was duly served upon the Noticee via SPAD (Speed Post Acknowledgement Due).

5. Further, vide letter bearing reference no. SEBI/HO/MRD/MRD-PoD-3/P/OW/2022/0000040060/1 dated August 10, 2022 the Noticee was informed about the SEBI Settlement Scheme, 2022, in terms of regulation 26 of the



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Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options. Herein, it was informed that in case, Noticee do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, Noticee was advised to file a reply to the SCN dated February 08, 2022 within 30 days of the receipt of this intimation. The aforesaid letter was also sent to the Noticee through his registered e-mail IDs on August 11, 2022. However, the letter sent to the Noticee, was returned undelivered.

6. Subsequently, the letter bearing reference no. SEBI/HO/MRD/MRD-PoD-3/P/OW/2022/0000040060/1 dated August 10, 2022 was delivered to the Noticee through BSE.

7. In response to the same, wife of the Noticee, Ms Hansa Rasiklal Sheth, vide e-mail dated September 29, 2022 informed that the Noticee had expired on June 04, 2015. A copy of the death certificate dated September 30, 2015 of the Noticee issued by Amdavad Municipal Corporation, Govt. of Gujarat was provided along with the said e-mail. Thereafter, vide email dated October 03, 2022, a notarized copy of death certificate along with the copy of the PAN card and a copy of identity and address proof of the Noticee were sought. Accordingly, vide letter dated October 19, 2022 Ms Hansa Rasiklal Sheth submitted duly notarized copy of death certificate along with the verified copies of PAN card and election voting card of the Noticee. The death certificate of the Noticee bearing registration no. 2015-DW-0007-0000336 with date of registration on June 15, 2015 was duly verified from the website of the Amdavad Municipal Corporation, Govt. of Gujarat.

8. Thus, the proceedings are against the acts of omission and commission of 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 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. It is



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also relevant to refer to the decision of Hon'ble Securities Appellate Tribunal in *Chandravand 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 appeal died on 29th November 2004. The appeal accordingly abates. The penalty imposed on the original appellant being personal in nature also abates."*

9. In the matter under consideration, the Noticee deceased before the issuance of SCN. Therefore, I am of 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 who is deceased and the adjudication proceedings against the Noticee stand abated.

***ORDER***

10. In view of the foregoing, the adjudication proceedings initiated against the Noticee, Late Rasiklal S Sheth (PAN-AUDPS9698F), vide SCN bearing reference no. SEBI/HO/IMD/IMD-1 DOF-2/P/OW/2022/0000004752/1 dated February 08, 2022 are disposed of.

11. In terms of Rule 6 of the SEBI Rules, a copy of this order is sent to the Noticee's last known address and also to SEBI.

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**DATE: November 23, 2022** **HRUDA RANJAN SAHOO**

**PLACE: MUMBAI** **ADJUDICATING OFFICER**