

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO.: ORDER/VV/NK/ 2020-21/9092]**

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

In respect of:  
**Badami Devi Khandelwal**  
**(PAN: ACWPK9340F)**

**In the matter of dealings in Ill-liquid Stock Options at BSE**

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**Facts of the Case**

1. The Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), initiated adjudication proceedings against Badami Devi Khandelwal. (hereinafter referred to as “**Noticee**”) for the alleged violation of the provisions of Regulation 3 (a), (b), (c), (d) and 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**”) for carrying out alleged reversal of trades in illiquid stock options at BSE Limited (hereinafter referred to as “**BSE**”) with same entities on the same day. It was alleged that these reversal of trades of the Noticee were non-genuine in nature and have created false and misleading appearance of trading in terms of artificial volumes in the stock options segment of BSE.

**APPOINTMENT OF ADJUDICATING OFFICER**

2. Initially, Shri Jeevan Sonparote was appointed as the Adjudicating Officer (**AO**) by SEBI, 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 “**Adjudication Rules**”) to conduct adjudication proceedings *inter-alia* in respect of the Noticee, in the manner specified under Rule 4 of the Adjudication Rules read with Section 15-I (1) and (2) of the SEBI Act, and if satisfied that penalty is liable, to impose such penalty deemed fit in terms of Rule 5 of the Adjudication Rules and in terms of Section 15HA of the SEBI Act. Subsequently, in the matter the undersigned has been appointed as AO by SEBI, on August 13, 2019, in the place of Shri Jeevan Sonparote to inquire into and adjudge, the violation alleged to have been committed by the Noticee.

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

3. Show Cause Notice No. SEBI/HO/EAD/EAD3/JS/DJ/OW/P/2018/25552/1 dated September 10, 2018 (hereinafter referred to as “**SCN**”) was issued to the Noticee in terms of Rule 4 of the Adjudication Rules read with Section 15-I of the SEBI Act, to show cause as to why an inquiry should not be initiated and penalty should not be imposed under Section 15HA of the SEBI Act, on the Noticee for the alleged violation of Regulation 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a) of PFUTP Regulations. In the SCN the Noticee was advised to file a reply to the SCN within 14 days of the receipt of the SCN.
4. With regard to aforementioned SCN, Noticee submitted the settlement application, pursuant to which adjudication proceedings were kept on hold against Noticee till the disposal of settlement application.
5. However, a letter Dated August 05, 2020 received from Mr. Rajesh Kumar Gupta, the son of Noticee informing that, Ms. Badami Devi Khandelwal (the Noticee herein) has passed away on March 13, 2020 and requested to dispose

the SCN against her and drop further proceedings initiated against her. In this regard, a notarised copy of the death certificate of the Noticee was also submitted alongwith the said letter by her son.

6. I note that as per the duly notarised death certificate dated July 20, 2020 issued by Directorate of Economics and Statistics, Government of Rajasthan, the Noticee had passed away on March 13, 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 her would continue or abate.
8. I note that in the matter of Girijandini vs. Bijendra Narain (AIR 1967 SC 2110), the Hon'ble Supreme Court, *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.
9. Further, the Hon'ble Securities Appellate Tribunal has also held in Chandravadan J Dalal Vs. SEBI (Appeal No. 35/2004) that "*The appeal abates since the appellant during the pendency of the appeal died on 29th November, 2004. The appeal accordingly abates*".
10. Relying, on the aforementioned Orders of Hon'ble Supreme Court and Hon'ble Securities Appellate Tribunal, I am of the view that the adjudication proceedings initiated against the deceased Noticee will not survive and is liable to be abated without going into the merits of the case. Consequently, no penalty is imposed on the Noticee, who is since deceased, and the Adjudication Proceedings against her stand abated.

11. Thus, In accordance with the law, the present Adjudication proceedings initiated against the Noticee viz. Late Badami Devi Khandelwal, vide the SCN No. SEBI/HO/EAD/EAD3/JS/DJ/OW/P/2018/25552/1 dated September 10, 2018 is disposed of without going into the merits of the case.

12. In terms of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to Mr. Rajesh Kumar Gupta, the son of Noticee and also to the Securities and Exchange Board of India.

**Date: September 18, 2020**

**Place: Mumbai**

**Vijayant Kumar Verma**

**Adjudicating Officer**