

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
(ADJUDICATION ORDER NO: Order/AS/VC/2024-25/31282)**

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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 Mukesh Gurbani  
(PAN: AHFPG2309G)**

In the matter of dealings in Illiquid Stock Options at BSE

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**BACKGROUND OF THE CASE**

1. As part of ongoing surveillance, Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') came across large scale reversal of trades in stock options segment of Bombay Stock Exchange (hereinafter referred to as '**BSE**'). Subsequently, SEBI conducted an investigation into the trading activity in illiquid stock options at BSE for 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, a total of 2,91,643 trades comprising 81.38% of all the trades executed in BSE stock options segment were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract. The reversal trades involved squaring off transactions, but with significant difference in the sell value and buy value of the transactions. The aforesaid reversal trades allegedly led to generation of artificial volumes. Late Mukesh Gurbani (hereinafter referred to as '**Noticee**') was one of the entities which indulged in reversal trades which allegedly created false and misleading appearance of trading, generating artificial volumes in the stock options segment of BSE during the investigation period. The Noticee was alleged to have engaged in 2 such reversal trades in 1 option contract, which led to

generation of artificial volume of 1,00,000 units. These trades of the Noticee involved reversal with the same counterparty on the same day, but at different prices. The trades entered by the Noticee were reversed on the same day with same counterparties at a substantial price difference without any basis for significant change in the contract price which indicated that these trades were 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. Mr. Sabir Vasant Sawant was appointed as Adjudicating Officer vide order dated September 20, 2021 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. Pursuant to transfer of cases, the undersigned was appointed as Adjudicating Officer in the matter vide order dated September 13, 2024.

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

4. A Show Cause Notice no. SEBI/SRO/SRO/SRO/P/OW/2022/0000043833/1 dated August 18, 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 him 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 on Noticee under Section 15HA of the SEBI Act for the aforesaid alleged contraventions done by him. Vide part B of the said SCN, Noticee was informed that SEBI introduced a Settlement Scheme i.e. SEBI Settlement Scheme, 2022

in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations, 2018. It was further informed that if Noticee do not wish to avail of the facility under the SEBI Settlement Scheme, 2022, he was advised to file a reply to the SCN within 14 days of the receipt of the notice. I note that the SCN was duly served on the address of the Noticee through SPAD and email. Noticee did not avail the Settlement Scheme 2022, in view of which, the adjudication proceeding against the Noticee was resumed.

5. In the interest of natural justice, vide notice of hearing dated May 25, 2023, Noticee was granted an opportunity of being heard on June 16, 2023. However, Noticee did not avail the said opportunity of being heard.
6. Subsequently, a Post SCN Intimation (PSI) dated March 06, 2024, was issued to the Noticee wherein it was informed to the Noticee that SEBI introduced another Settlement Scheme i.e. SEBI Settlement Scheme, 2024 in terms of Regulation 26 of Settlement Regulations and provided a one time opportunity to the entities against whom proceedings had been initiated and appeals against the said proceedings are pending before any forum or authority. It was observed that Noticee did not avail the Settlement Scheme 2024, in view of which, the adjudication proceeding against the Noticee was resumed.
7. Thereafter, vide notice of hearing dated October 08, 2024, Noticee was granted another opportunity of being heard on October 24, 2024. On October 24, 2024, Ms. Bhavisha Gurbani, stated to be wife of Noticee, attended the hearing and informed about the death of the Noticee on May 10, 2023 and accordingly Ms. Bhavisha Gurbani was requested to furnish the death certificate of Noticee. A Notarised copy of the death certificate of Noticee, issued by Embassy of India, Phnom Penh, Cambodia was furnished on March 13, 2025, from which it is observed that Noticee has deceased on May 10, 2023.

8. 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.
9. 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 29<sup>th</sup> November 2004. The appeal accordingly abates. The penalty imposed on the original appellant being personal in nature also abates."*
10. 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 him and the SCN dated August 18, 2022 issued against him is disposed of accordingly.
11. 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 Ms. Bhavisha Gurbani, who is stated to be wife of the deceased Noticee.

**Place: Mumbai**

**Date: March 20, 2025**

**ASHA SHETTY**

**ADJUDICATING OFFICER**