

SO/GR/EFD2/2024-25/7437
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER

In respect of:

Sr. no.	Name of the Entity/ Applicant	Settlement Application No.	PAN
1	Arun Verma	7437/2023	AAIPV5192Q

in the matter of suspected insider trading activities in the scrip of SAIL

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had conducted an investigation in the scrip of Steel Authority of India Limited (hereinafter referred to as “**SAIL / Company**”) based on the internal alert. Investigation revealed that Yamini Verma had traded in the scrip while in possession of unpublished price sensitive information in respect of corporate announcement made on the financial results for the quarter & half-yearly ended September 30, 2021 and the declaration of dividend. It was also observed and alleged that the said trade was placed/executed by Arun Verma (hereinafter referred to as “**Applicant**”), the employee of SAIL, on behalf of his wife Yamini Verma, who authorised to trade in her account which was in violation of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “**PIT Regulations**”) and Securities and Exchange Board of India Act, 1992 (Hereinafter referred to as “**SEBI Act, 1992**”).
2. Based on the findings in the investigation, a Show Cause Notice (hereinafter referred to as ‘**SCN**’) dated October 10, 2023 was served on the Applicant. The SCN *inter alia* alleged the following:
 - a) The Applicant, an employee of SAIL, had the access to the UPSI w.r.t. unaudited financial results of SAIL for the quarter / half year ended September 30, 2021 and while in possession of the UPSI, he traded in the scrip of SAIL in the cash segment, futures

segment and options segment in the trading account of Yamini Verma and made a profit of Rs.32,15,067.50.

- b) By doing the aforesaid insider trading, the Applicant was alleged to have violated the provision of Regulation 4(1) of PIT Regulations, Section 12A(d) and (e) and 15G(i) of the SEBI Act, 1992.
- c) In view of the above, the Applicant was called upon to show cause as to why appropriate directions under 11B(1) and 11(4) read with Section 11(1) of the SEBI Act, 1992 including directions to prohibit him from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and directions not to be associated with any registered intermediary/ listed company and any public company which intends to raise money from public in the securities market, in any manner whatsoever should not be issued against him and why appropriate monetary penalty under Sections 11B(2) and 11(4A) read with Section 15G(i) of the SEBI Act, 1992 read with Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**SEBI Adjudication Rules**”) should not be levied against him for the alleged violations of provision of Regulation 4(1) of PIT Regulations and Sections 12A (d) & (e) and Section 15G(i) of SEBI Act for trading / dealing in the scrip of SAIL during the UPSI Period

APPLICATIONS FOR SETTLEMENT OF PROCEEDINGS

3. The Applicant filed the following application with SEBI in terms of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”) proposing to settle the pending proceedings through a Settlement Order without admitting or denying the findings of fact and conclusions of law, which was intimated by the concerned department of SEBI:

Table 1

Sr. no.	Name of the Entity/ Applicant	Date of Filing	Settlement Application No.
1	Arun Verma	November 17, 2023	7437/2023

4. Pursuant to receipt of the Settlement Application, the Authorised Representatives of the Applicant had a meeting with the Internal Committee of SEBI (hereinafter referred to as ‘**IC**’) on January 11, 2024, wherein the terms of settlement were deliberated. The IC considered the factors enumerated under Regulation 10 and Schedule II of the Settlement Regulations and permitted the Applicant to submit revised terms of settlement. Accordingly, the Applicant filed Revised Settlement Terms (hereinafter referred to as “**RST**”) vide email dated January 15, 2024 wherein the Applicant proposed the following:

A. Monetary Terms:

Payment of Settlement Amount of INR 45,50,000/- (INR Forty-Five Lakh Fifty Thousand Only)

B. Non-Monetary Terms:

- i) An amount of INR 40,09,939/- (INR Forty Lakh Nine Thousand Nine Hundred and Thirty-Nine Only) towards disgorgement of alleged unlawful gain (which includes simple interest of 12% per annum from date of default till the date of submission of the RST).
 - ii) Voluntary debarment for a period of one year from the securities market.
5. The High Powered Advisory Committee (hereinafter referred to as ‘**HPAC**’) in its meeting held on February 05, 2024 considered the RST proposed by the Applicant and recommended the case for settlement. The recommendation of the HPAC was placed before the Panel of Whole Time Members of SEBI. In terms of Regulation 15 of the Settlement Regulations, the Panel of Whole Time Members of SEBI approved and accepted the recommendations of the HPAC on March 18, 2024 and the same was communicated to the Applicant vide email dated March 27, 2024.
6. Pursuant to the same, Applicant vide e-mail dated April 16, 2024 informed SEBI about the remittance of the settlement amount as well as the disgorgement amount, and the same was confirmed by the concerned department of SEBI.

ORDER

7. On the basis of the aforesaid, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act, 1992 and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the instant proceedings initiated against the Applicant vide Show Cause Notice dated October 10, 2023 are disposed of as per the following terms:
- (i) SEBI shall not initiate any other enforcement action against the Applicant for the said violation; and
 - (ii) Passing of this Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate any enforcement action against the Applicant, if SEBI finds that:
 - (a) any representations made by the Applicant in the settlement proceedings is subsequently found to be untrue; or
 - (b) the Applicant have breached any of the clauses / conditions of undertakings / waivers filed during the current settlement proceedings; or
 - (c) there was a discrepancy while arriving at the settlement terms.
8. This settlement order is passed on the 30th Day of April, 2024 and shall come into force with immediate effect.
9. In terms of Regulation 25 of the Settlement Regulations, copies of this order is being sent to the Applicant, Mr. Arun Verma and also to the SEBI.

Place: Mumbai
Date: April 30, 2024

G RAMAR
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA