SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the Securities and Exchange Board of India Act, 1992 read with Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

In respect of:

Noticee No.	Name of the Noticees	PAN
1.	Ketan Bhupendra Parekh	ALKPP0103A
2.	Bhupendra Jasvantrai Parekh	AIQPP5118E

The aforesaid entities are hereinafter individually referred to by their respective names/noticee numbers and collectively as "the Noticees".

Final Order in the matter of front running of orders of Quest Investment Advisors Private Limited by Ketan Bhupendra Parekh and Bhupendra Jasvantrai Parekh

1. The present proceedings have emanated from a show cause notice dated November 29, 2021 (hereinafter referred to as "**SCN**"), issued by Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), against the Noticees, alleging violation of Sections 12A (a), (b) and (c) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") and Regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations, 2003**") by the Noticees. The SCN called upon the Noticees to show cause as to why suitable directions under Sections 11(1), 11(4) and 11B(1) including directions for disbarment from securities market for a specified period and directions for disgorgement of unlawful gains should not be issued against them. The Noticees were further called upon to show

cause as to why appropriate directions for imposing penalty under Sections 11(4A) and 11B (2) read with Section 15HA of the SEBI Act, 1992 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**the Rules**") should not be issued against them. The copies of documents relied upon in the SCN were also provided to the Noticees as annexures to the SCN, as detailed below:

Annexure No.	Particulars
Annexure 1	Copy of statement recording of Ketan Bhupendra Parekh
Annexure 2	Copy of statement recording of Bhupendra Jasvantrai Parekh
Annexure 3	Trading details (buy/sell) of Noticee 2 on common trading days with Quest
Annexure 4	Copy of statement recording of Piyush Karia
Annexure 5	Copy of statement recording of Jasmine Piyush Karia

2. As can be noted from the SCN, the aforesaid SCN came to be issued against the Noticees in view of the fact that SEBI internal alert system generated alerts against certain entities for suspected front running trades, in pursuance of which SEBI conducted an investigation into trading activities of Noticee no. 2 in various scrips during the period March 01, 2019 to July 31, 2020 (hereinafter referred to as "**Investigation Period**") to ascertain whether or not the Noticee no. 2 had front run the trades of Quest Investment Advisors Private Limited (hereinafter referred to as "**Quest**"), a SEBI registered Portfolio Manager, in contravention of the provisions of SEBI Act, 1992 read with PFUTP Regulations, 2003. The brief facts, as narrated in the SCN, are as under:

a. Quest is a SEBI registered Portfolio Manager providing portfolio management services. During the investigation period, it was observed that Noticee no. 1, was the dealer of Quest and had the authority to place orders for sale/buy of shares on behalf of Quest and placed orders on behalf of Quest. Noticee no. 1 confirmed in his statement recorded before the Investigating Authority that he had the knowledge of the trades to be executed on behalf of Quest as he was a dealer of Quest who used to place order on behalf of Quest.

b. It is alleged that based on advance knowledge about impending orders of Quest, Noticee no. 1 was front running the trades by placing orders through

the trading account of Noticee no. 2 in the same scrips in which trading was being carried out by Quest. Noticee no. 2 is the father of Noticee no. 1.

c. It was observed during the investigation period that Noticee no. 2 was a client of Ms. Jasmine Piyush Karia, a sub-broker with Magnum Equity. However, her husband, Shri Piyush Karia was acting on her behalf as a sub-broker. Noticee no. 1 shared information with Shri Piyush Karia who used to place orders in the trading account of Noticee no. 2. Therefore, trading account of Noticee no. 2 was used by Noticee no. 1 for front running the trades of Quest. Noticee no. 2 made wrongful gains of Rs. 22,88,126 by front running the trades of Quest, which were executed by Piyush Karia on the instructions of Noticee no. 1.

d. A summary of total trading activity of Noticee no. 2 at NSE during the investigation period (in equity segment) is as under:

Table 1

Details	Trading Activity of Noticee 2		
	No. of Instances	Gross Traded Value (in Rs. Lacs)	Profit (in Rs. Lacs)
No. of scrip days traded during investigation period	233	7,503.85	24.41
Scrip days wherein day traded (intraday)	220	7,436.51	24.40
Scrip days common with Quest	194	7,214.74	24.00
Total(net) profit on other days (i.e. not common with Quest)	26	221.77	0.39

e. On analysis of the trading details, it was alleged that the trades executed from the trading account of Noticee no. 2 had front run the trades of Quest**.** It was observed that in 81 instances when a bulk buy order was about to come from Quest, buy trades were executed from the trading account of Noticee no. 2, just prior to the buy order of Quest and sell order was placed just before or after Quest's order in order to square off his position to earn profits. It was observed that in all 81 instances, buy and sale quantity of all the trades of Noticee 2 were same. He squared of all his positions to earn profits. In 94 instances, when a bulk sell order was about to come from Quest, sell trades were executed from the trading account of Noticee no. 2, just prior to the sell

order of Quest and buy order was placed just before or after Quest's order in order to square off his position to earn profits. It was observed that in all 94 instances, buy and sale quantity of all the trades of Noticee no. 2 were same. He squared of all his positions to earn profits. The alleged front run trades followed a Buy-Buy-Sell and Sell-Sell-Buy pattern. Trades which followed a Buy-Buy-Sell pattern are as follows:

Table 2

Sl no.	Trade date	Symbol	Noticee no. 2		Quest		Noticee no. 2			
			Buy Start	Buy End	Buy Start	Buy End	Sell Start	Sell End	Matched Qty	Matched %
1	24/04/2019	MAHINDCIE	09:26:03	13:02:54	10:05:22	14:45:13	09:39:32	12:13:22	8398.00	100.00
2	25/04/2019	MAHINDCIE	09:28:04	13:31:50	09:23:00	14:54:45	10:37:52	13:32:28	8843.00	100.00
3	26/04/2019	MAHINDCIE	09:17:38	11:23:36	09:33:38	15:09:01	11:21:13	13:17:42	7146.00	100.00
4	30/04/2019	MAHINDCIE	09:36:00	10:35:25	09:39:48	15:26:19	10:52:16	11:07:39	6534.00	98.23
5	02/05/2019	MAHINDCIE	10:58:11	12:05:43	09:33:14	14:59:05	11:57:34	11:57:34	3822.00	100.00
6	03/05/2019	MAHINDCIE	09:24:40	09:42:31	09:18:06	15:25:24	09:53:08	09:53:08	3454.00	98.69
7	06/05/2019	MAHINDCIE	09:33:04	09:45:43	09:20:31	15:27:39	09:49:22	09:49:22	4691.00	99.81
8	09/05/2019	MAHINDCIE	10:47:25	11:39:40	09:22:55	12:52:38	11:40:17	11:40:17	2660.00	100.00
9	10/05/2019	MAHINDCIE	09:30:19	13:34:15	09:26:23	13:37:31	10:17:51	13:34:41	6596.00	100.00
10	13/05/2019	MAHINDCIE	09:45:43	10:40:33	10:27:32	15:21:05	10:15:31	10:39:55	9570.00	95.70
11	14/05/2019	MAHINDCIE	09:56:24	11:54:45	09:28:25	12:14:28	11:55:30	11:55:30	5898.00	100.00
12	21/05/2019	BHARATFORG	11:51:18	11:51:45	09:24:54	12:04:53	11:52:50	11:52:50	2695.00	89.83
13	22/05/2019	BHARATFORG	13:51:45	13:52:34	10:53:35	15:18:26	13:57:51	13:57:51	116.00	9.35
14	23/05/2019	BHARATFORG	14:54:05	14:55:36	13:58:38	15:27:11	15:10:27	15:15:22	7500.00	100.00
15	27/05/2019	CIPLA	09:41:51	10:19:02	09:20:54	15:11:54	09:48:34	10:21:51	2070.00	21.61
16	17/06/2019	DIVISLAB	11:15:30	11:15:30	09:15:54	12:16:16	11:24:25	11:24:25	487.00	97.40
17	18/06/2019	DIVISLAB	12:40:02	12:41:06	09:38:44	14:42:17	12:43:40	12:44:19	1873.00	62.43
18	19/06/2019	DIVISLAB	11:20:32	11:23:25	10:47:12	13:26:40	11:33:04	11:33:16	3000.00	100.00
19	24/06/2019	MAHINDCIE	09:52:25	09:56:03	09:23:59	15:17:27	10:07:11	10:07:11	481.00	87.30
20	25/06/2019	DIVISLAB	13:15:26	13:39:37	12:42:39	13:53:26	13:39:29	13:40:49	1721.00	57.37
21	23/09/2019	MAHINDCIE	09:51:00	10:13:22	09:56:27	11:23:30	10:13:43	10:13:43	4792.00	100.00

Sl no.	Trade date	Symbol	Noticee no. 2		Quest		Noticee no. 2			
			Buy Start	Buy End	Buy Start	Buy End	Sell Start	Sell End	Matched Qty	Matched %
22	23/09/2019	MARICO	10:52:33	11:37:22	10:51:23	13:53:48	10:53:52	11:44:50	5860.00	78.56
23	24/09/2019	MARICO	10:00:04	10:00:04	10:03:32	10:05:48	10:02:19	10:02:19	8000.00	80.00
24	16/10/2019	TATAELXSI	09:54:59	09:54:59	09:59:57	10:01:16	09:57:41	09:57:41	3436.00	100.00
25	17/10/2019	INFY	13:50:34	13:50:34	13:54:44	13:57:22	13:56:23	13:56:53	5000.00	100.00
26	22/10/2019	TATAELXSI	12:39:43	12:39:43	09:53:16	12:43:42	12:42:06	12:42:06	1055.00	100.00
27	23/10/2019	TATAELXSI	12:25:54	12:25:54	12:13:36	15:11:55	12:26:46	12:26:46	4515.00	90.30
28	29/10/2019	BANDHANBNK	13:02:34	13:12:57	12:35:40	14:37:55	13:04:07	13:11:49	11500.00	95.40
29	30/10/2019	BANDHANBNK	09:32:51	09:32:51	09:18:26	10:02:09	09:33:24	09:33:24	10000.00	100.00
30	01/11/2019	FEDERALBNK	09:27:41	09:27:41	09:19:19	09:51:43	09:30:01	09:30:21	22500.00	45.00
31	25/11/2019	SWSOLAR	09:47:04	10:52:19	09:15:23	13:11:25	09:50:00	10:53:57	8499.00	82.92
32	09/01/2020	SWSOLAR	12:24:59	12:25:45	12:26:47	14:46:12	12:27:13	12:37:52	89.00	4.37
33	14/01/2020	SWSOLAR	10:13:25	11:05:12	10:10:39	15:17:54	11:12:32	11:12:32	1347.00	97.12
34	28/01/2020	JBCHEPHARM	14:48:17	14:48:17	14:49:30	14:54:40	14:51:31	14:51:31	4968.00	99.36
35	31/01/2020	JBCHEPHARM	09:29:24	09:29:24	15:12:21	15:12:38	15:12:33	15:12:33	1010.00	100.00
36	01/02/2020	JBCHEPHARM	15:13:57	15:14:05	09:38:09	15:17:30	15:14:53	15:14:53	312.00	100.00
37	03/02/2020	JBCHEPHARM	11:31:44	11:33:50	09:35:20	15:24:05	11:39:17	11:39:17	798.00	100.00
38	12/02/2020	ACC	11:28:45	11:29:23	11:27:05	11:54:48	11:31:18	11:31:18	0.00	0.00
39	12/02/2020	PRINCEPIPE	12:12:21	13:39:35	12:03:32	15:24:08	12:31:13	13:44:14	0.00	0.00
40	14/02/2020	PEL	14:23:15	14:23:22	14:18:04	14:38:25	14:35:12	14:35:59	5000.00	100.00
41	18/02/2020	BAJAJ-AUTO	11:26:49	11:26:49	11:29:17	13:43:48	11:27:22	11:27:22	227.00	11.35
42	18/02/2020	CRISIL	12:50:39	12:53:33	12:50:25	13:15:32	12:58:07	12:58:07	98.00	85.22
43	20/02/2020	BAJAJ-AUTO	09:27:00	14:23:49	09:26:36	15:24:44	09:28:09	14:30:57	1467.00	61.20
44	24/02/2020	BIOCON	11:06:57	11:28:12	09:16:37	15:25:20	11:10:05	11:41:16	4920.00	32.80
45	26/02/2020	CRISIL	11:13:48	11:13:48	11:23:42	12:26:40	11:17:57	11:17:57	116.00	100.00
46	26/02/2020	PRINCEPIPE	09:22:07	15:09:40	09:47:27	15:21:22	14:42:44	15:11:20	9008.00	100.00
47	27/02/2020	CRISIL	09:19:53	09:20:18	10:03:52	10:35:57	09:33:04	09:33:04	1545.00	100.00
48	27/02/2020	PRINCEPIPE	09:31:58	10:12:09	09:23:28	12:47:10	10:49:30	10:49:30	5434.00	100.00

Sl no.	Trade date	Symbol	Noticee no. 2		Quest		Noticee no. 2			
			Buy Start	Buy End	Buy Start	Buy End	Sell Start	Sell End	Matched Qty	Matched %
49	28/02/2020	BAJAJ-AUTO	12:19:22	12:51:43	11:48:21	14:43:32	12:28:01	12:54:53	5000.00	90.91
50	31/03/2020	RAMCOCEM	09:37:05	09:47:52	10:01:07	10:09:01	09:58:35	09:58:35	10000.00	100.00
51	08/04/2020	NOCIL	11:49:06	11:49:06	11:40:25	13:15:28	11:51:02	11:51:02	7000.00	70.00
52	09/04/2020	NOCIL	11:52:45	11:52:45	11:43:16	12:26:46	11:58:01	11:58:01	4392.00	34.93
53	15/04/2020	MOIL	09:33:06	10:31:15	09:29:04	12:03:14	09:57:27	10:43:43	17564.00	97.08
54	04/05/2020	KANSAINER	11:22:15	11:22:15	11:22:49	15:23:26	11:26:07	11:26:07	1609.00	96.12
55	04/05/2020	VTL	09:51:27	09:53:14	09:54:31	09:54:36	09:54:01	09:54:01	479.00	95.80
56	05/05/2020	KANSAINER	10:08:48	10:30:08	09:20:49	14:41:55	10:28:17	10:29:19	11239.00	87.78
57	05/05/2020	RAMCOCEM	10:33:29	10:33:29	10:35:06	10:35:43	10:35:30	10:35:30	1000.00	100.00
58	07/05/2020	KANSAINER	09:46:46	09:52:38	09:55:23	12:51:25	09:58:51	10:01:53	3214.00	99.75
59	07/05/2020	MOIL	09:47:49	12:38:19	09:54:28	14:47:35	10:02:43	12:41:48	11163.00	92.16
60	08/05/2020	SBILIFE	13:28:55	13:28:55	09:56:00	13:30:28	13:29:22	13:29:22	0.00	0.00
61	11/05/2020	COROMANDEL	09:22:37	09:22:37	09:28:46	14:55:47	09:30:54	09:30:54	2000.00	100.00
62	11/05/2020	MHRIL	11:28:04	11:28:04	11:15:25	15:10:17	11:30:49	11:30:49	0.00	0.00
63	13/05/2020	RAMCOCEM	09:21:46	09:21:46	09:18:53	09:40:53	09:23:06	09:23:06	3099.00	100.00
64	15/05/2020	MOIL	13:05:58	13:05:58	13:09:31	13:12:49	13:28:01	13:28:01	0.00	0.00
65	15/05/2020	RAMCOCEM	10:02:44	10:02:44	09:45:38	10:04:40	10:03:57	10:03:57	2000.00	100.00
66	20/05/2020	COROMANDEL	11:05:49	11:05:49	11:09:57	15:18:31	11:06:17	11:06:17	2000.00	100.00
67	20/05/2020	METROPOLIS	10:48:30	10:50:56	10:52:53	10:54:12	10:53:40	10:53:40	0.00	0.00
68	20/05/2020	RAMCOCEM	10:35:02	10:35:02	10:37:39	10:38:58	10:37:52	10:37:52	3980.00	100.00
69	29/05/2020	BAJAJFINSV	14:08:50	14:08:50	14:08:36	14:09:06	14:11:26	14:11:26	0.00	0.00
70	03/06/2020	HDFCLIFE	12:00:34	12:00:34	09:57:48	12:02:08	12:03:56	12:03:56	0.00	0.00
71	12/06/2020	ESCORTS	10:04:02	10:06:42	09:57:16	10:27:03	10:06:58	10:06:58	38.00	3.80
72	15/06/2020	M&MFIN	09:24:48	09:33:09	09:27:02	14:26:26	09:34:11	09:34:11	0.00	0.00
73	19/06/2020	BIRLACORPN	10:00:46	10:00:46	09:58:30	13:10:07	10:02:18	10:02:18	0.00	0.00
74	19/06/2020	LAURUSLABS	10:01:35	10:01:35	09:52:59	14:19:51	10:06:39	10:06:39	0.00	0.00
75	26/06/2020	SBIN	13:04:36	13:04:36	13:00:24	14:29:54	13:08:08	13:08:08	0.00	0.00

Sl no.	Trade date	Symbol	Noticee no. 2		Quest		Noticee no. 2			
			Buy Start	Buy End	Buy Start	Buy End	Sell Start	Sell End	Matched Qty	Matched %
76	02/07/2020	BIRLACORPN	10:20:10	10:24:27	10:28:26	15:10:47	10:32:23	10:33:12	334.00	14.60
77	06/07/2020	HCLTECH	09:47:57	10:02:30	09:50:47	11:49:43	10:02:09	10:13:36	492.00	9.84
78	20/07/2020	TV18BRDCST	09:41:55	09:43:45	09:37:59	13:19:35	09:52:09	09:52:09	0.00	0.00
79	27/07/2020	TATACOMM	14:12:57	14:16:54	14:13:33	14:55:33	14:16:12	14:21:35	936.00	13.37
80	29/07/2020	SBIN	10:43:04	10:43:04	10:45:19	12:00:45	11:26:48	11:26:48	0.00	0.00
81	31/07/2020	SEQUENT	10:28:17	11:18:32	09:59:50	14:17:00	10:30:23	11:20:11	1729.00	11.55

Trades which followed a Sell-Sell-Buy pattern are as follows:

Table 3

Sl no.	Trade Date	Symbol	Noticee no. 2		Quest		Noticee no. 2			
			Sell Start	Sell End	Sell Start	Sell End	Buy Start	Buy End	Matched Qty	Matched %
1	14/07/2019	TV18BRDCST	11:22:58	12:25:16	09:24:18	14:05:09	13:14:25	13:14:25	41706	83.41
2	15/07/2019	TV18BRDCST	10:03:12	11:55:23	09:58:28	15:29:53	11:56:54	11:56:54	44855	89.71
3	16/07/2019	VARROC	11:37:14	11:45:01	11:18:42	11:53:44	11:38:38	11:45:19	2390	75.63
4	17/07/2019	SIMPLEXINF	09:18:45	14:51:45	10:33:57	14:55:41	09:37:44	14:52:43	15539	99.56
5	18/07/2019	COROMANDEL	09:53:40	09:56:28	09:56:50	13:48:12	09:57:01	09:57:01	975	100
6	19/07/2019	KEC	12:28:41	12:28:41	12:29:23	12:29:23	12:30:53	12:30:53	1000	100
7	20/07/2019	COROMANDEL	09:39:11	09:39:11	09:22:23	10:04:10	09:40:59	09:40:59	2046	100
8	21/07/2019	KEC	12:36:31	12:53:57	09:25:50	15:29:25	12:43:47	12:43:47	4886	100
9	22/07/2019	KEC	09:28:08	10:13:38	09:26:05	15:29:54	09:53:53	09:53:53	4249	68.47
10	23/07/2019	SPENCERS	12:05:40	12:06:45	11:25:18	12:42:18	12:09:15	12:09:15	0	0
11	24/07/2019	MAHINDCIE	09:34:17	09:34:17	09:26:52	09:38:53	09:35:34	09:35:34	1000	100
12	25/07/2019	GUJGASLTD	09:22:05	10:50:49	09:36:37	12:03:23	09:51:33	11:26:07	15310	97.77
13	26/07/2019	GUJGASLTD	11:37:05	11:37:05	09:49:18	15:20:13	13:14:28	13:14:28	5000	100
14	27/07/2019	GUJGASLTD	09:41:54	09:41:54	09:38:38	10:23:34	09:53:20	09:53:20	5000	100
15	28/07/2019	GUJGASLTD	11:13:28	11:19:51	10:20:12	12:33:36	11:15:19	11:26:51	2964	100
16	29/07/2019	KEC	09:35:04	09:57:43	10:17:17	14:05:19	10:34:04	11:00:40	1937	77.91

Sl no.	Trade Date	Symbol	Noticee no. 2		Quest		Noticee no. 2			
			Sell Start	Sell End	Sell Start	Sell End	Buy Start	Buy End	Matched Qty	Matched %
17	30/07/2019	GUJGASLTD	10:35:55	10:36:54	10:33:51	15:17:47	10:36:45	10:36:45	9919	99.19
18	31/07/2019	KEC	10:22:34	13:54:47	10:34:33	15:29:34	10:49:42	13:53:47	2270	100
19	01/08/2019	PRAJIND	09:49:42	09:51:28	09:20:41	15:29:58	09:51:50	09:51:50	13521	66.11
20	02/08/2019	BHARATFORG	09:31:35	09:31:35	09:20:45	09:43:59	09:33:12	09:33:12	3300	66
21	03/08/2019	CONCOR	09:32:53	09:47:57	09:21:59	15:25:33	09:43:38	09:50:58	100	1.90
22	04/08/2019	KEC	12:57:27	13:12:05	12:47:40	14:07:07	12:59:38	12:59:38	3347	99.76
23	05/08/2019	JMCPROJECT	10:09:59	10:30:14	09:48:21	15:03:14	11:06:13	11:06:13	10000	100
24	06/08/2019	KEC	10:10:10	10:10:10	09:21:19	14:51:26	10:14:57	10:14:57	66	2.36
25	07/08/2019	KEC	12:08:57	14:35:35	09:19:32	15:28:58	12:26:41	14:36:59	17625	99.36
26	08/08/2019	JMCPROJECT	09:34:12	11:19:16	09:23:36	14:04:55	09:51:05	11:28:29	3593	97.74
27	09/08/2019	KEC	09:34:25	09:34:25	09:25:28	15:29:56	09:48:06	09:48:06	10000	100
28	10/08/2019	KEC	09:31:12	14:53:38	09:19:33	15:23:53	09:38:07	14:57:53	15613	99.69
29	11/08/2019	MAHINDCIE	12:43:08	12:43:20	12:37:16	14:11:22	12:45:17	12:45:17	1071	100
30	12/08/2019	COROMANDEL	10:05:18	10:05:18	10:16:56	14:07:45	11:00:22	11:00:22	5000	100
31	13/08/2019	COROMANDEL	10:01:28	10:01:28	10:20:30	15:26:48	10:55:48	10:55:48	1141	100
32	14/08/2019	KEC	10:44:00	12:10:30	10:27:10	15:29:59	11:09:48	12:11:18	7248	100
33	15/08/2019	KEC	11:44:44	11:57:42	09:53:15	15:28:02	11:46:51	11:58:18	0	0
34	16/08/2019	KEC	10:48:16	13:30:45	09:29:23	15:28:06	11:36:07	11:36:07	3191	100
35	17/08/2019	M&M	11:21:54	11:21:54	09:45:46	11:25:10	11:31:18	11:31:18	0	0
36	18/08/2019	MAHINDCIE	14:24:13	14:30:27	14:20:38	15:23:41	14:30:50	14:30:50	5056	100
37	19/08/2019	MAHINDCIE	09:50:25	11:00:18	09:24:59	15:18:38	10:51:14	11:03:11	3144	98.03
38	20/08/2019	KEC	14:36:15	15:08:59	09:29:25	15:29:58	14:47:31	15:09:13	6488	99.98
39	21/08/2019	JMCPROJECT	10:43:15	10:43:15	10:00:14	13:44:52	10:46:39	10:46:39	3253	100
40	22/08/2019	MAHLOG	12:10:20	12:10:20	11:36:32	15:07:51	12:11:13	12:11:13	236	100
41	23/08/2019	JMCPROJECT	12:14:02	12:14:02	11:53:58	15:26:21	13:22:33	13:22:33	3015	100
42	24/08/2019	JMCPROJECT	10:53:27	10:53:27	10:56:42	12:51:19	12:11:13	12:11:13	1115	71.38
43	25/08/2019	JMCPROJECT	10:56:05	11:00:44	11:21:16	14:10:41	11:27:27	11:27:27	3385	100

Sl no.	Trade Date	Symbol	Noticee no. 2		Quest		Noticee no. 2			
			Sell Start	Sell End	Sell Start	Sell End	Buy Start	Buy End	Matched Qty	Matched %
44	26/08/2019	JMCPROJECT	09:22:56	09:29:56	09:35:19	09:49:07	09:31:00	09:35:47	5188	79.64
45	27/08/2019	JMCPROJECT	10:03:57	13:18:11	13:26:03	15:29:51	13:30:30	13:30:30	772	100
46	28/08/2019	MAHINDCIE	10:46:15	10:46:15	10:53:15	12:28:33	10:47:56	10:47:56	3000	100
47	29/08/2019	JMCPROJECT	14:15:53	14:15:53	13:20:17	14:55:04	14:23:24	14:23:24	0	0
48	30/08/2019	JMCPROJECT	09:15:11	14:40:59	09:24:09	15:09:53	09:26:40	15:10:06	0	0
49	31/08/2019	LTTS	11:28:10	12:47:28	09:31:39	14:54:38	11:37:53	14:22:38	374	98.68
50	01/09/2019	BANDHANBNK	10:31:36	10:38:44	09:32:28	15:23:55	10:40:07	10:40:07	1024	60.44
51	02/09/2019	LTTS	14:24:54	14:24:54	14:21:18	15:25:35	14:26:25	14:26:25	2000	100
52	03/09/2019	LTTS	13:30:19	13:30:46	09:21:38	14:39:57	13:38:58	13:38:58	1650	100
53	04/09/2019	MAHINDCIE	10:48:06	10:52:03	10:43:03	15:28:32	10:49:36	11:52:19	904	45.2
54	05/09/2019	LTTS	11:39:31	11:40:00	09:23:12	12:09:51	12:09:06	12:09:06	180	100
55	06/09/2019	MAHINDCIE	09:27:16	09:46:41	09:22:13	15:06:54	09:23:19	09:23:49	4354	87.08
56	07/09/2019	JMCPROJECT	09:26:24	09:27:04	09:20:56	10:49:28	09:42:17	09:42:17	0	0
57	08/09/2019	SWSOLAR	09:48:29	14:39:24	09:36:00	15:18:20	09:47:18	14:48:40	2687	88.94
58	09/09/2019	MAHINDCIE	14:40:58	15:11:28	10:02:03	14:59:09	14:45:15	15:14:16	3174	100
59	10/09/2019	MAHINDCIE	09:20:35	09:20:35	09:48:04	15:13:01	15:12:21	15:12:21	1994	99.10
60	11/09/2019	SWSOLAR	15:04:45	15:05:03	15:07:03	15:19:14	15:10:57	15:12:02	11488	100
61	12/09/2019	MAHINDCIE	15:25:06	15:25:06	09:24:42	15:26:21	15:26:32	15:26:32	0	0
62	13/09/2019	CIPLA	10:15:13	10:16:00	10:22:07	15:24:02	10:32:58	10:32:58	2749	27.49
63	14/09/2019	TECHM	09:15:01	09:15:01	09:24:20	15:03:01	09:18:20	09:47:45	100	2.5
64	15/09/2019	ITC	12:28:14	12:36:45	09:35:34	13:51:58	12:33:40	12:35:01	7373	29.49
65	16/09/2019	MAHLOG	12:18:02	13:09:30	12:06:47	13:20:50	12:46:37	13:18:24	4382	99.00
66	17/09/2019	FEDERALBNK	09:57:59	10:05:37	10:00:58	10:09:18	10:02:18	10:07:38	78968	46.39
67	18/09/2019	MAHINDCIE	12:32:31	12:34:14	10:39:32	15:15:33	12:40:46	12:48:35	9389	93.89
68	19/09/2019	JBCHEPHARM	10:23:50	10:23:50	09:43:08	13:05:25	10:28:12	10:28:12	4604	92.08
69	20/09/2019	BAJAJ-AUTO	11:42:56	11:44:10	10:03:49	12:29:30	11:49:08	11:49:08	1133	28.32
70	21/09/2019	DLF	10:12:55	10:12:55	10:05:11	11:59:41	10:14:10	10:14:10	2149	42.98

Sl no.	Trade Date	Symbol	Noticee no. 2		Quest		Noticee no. 2			
			Sell Start	Sell End	Sell Start	Sell End	Buy Start	Buy End	Matched Qty	Matched %
71	22/09/2019	BHARTIARTL	13:25:05	13:25:05	09:55:19	13:27:19	13:26:11	13:26:11	0	0
72	23/09/2019	TRENT	10:00:36	10:01:00	10:04:51	10:06:37	10:05:03	10:05:03	2000	100
73	24/09/2019	PRINCEPIPE	11:13:57	11:16:44	10:13:56	14:10:31	11:17:23	11:17:23	20000	100
74	25/09/2019	SUNPHARMA	12:19:15	12:19:15	12:20:30	12:21:00	12:20:11	12:20:11	0	0
75	26/09/2019	NH	10:30:59	10:30:59	09:40:48	12:27:01	10:36:09	10:36:09	26	11.35
76	27/09/2019	PRINCEPIPE	10:44:09	10:44:09	10:30:03	15:21:18	10:45:09	10:45:09	3158	85.55
77	28/09/2019	BPCL	10:53:54	10:54:58	10:55:49	10:56:58	10:56:12	10:56:12	0	0
78	29/09/2019	NH	10:30:38	10:30:38	10:31:49	10:42:03	10:32:53	10:32:53	763	96.33
79	30/09/2019	IPCALAB	12:44:32	12:44:32	12:47:16	12:48:13	12:46:45	12:46:45	2000	100
80	01/10/2019	BAJAJ-AUTO	09:45:42	11:42:53	09:31:47	12:44:18	09:46:28	11:43:48	5566	85.63
81	02/10/2019	TATAELXSI	09:39:11	09:39:11	09:40:26	14:28:30	09:40:20	09:40:20	968	96.8
82	03/10/2019	METROPOLIS	10:30:30	10:30:30	09:20:49	14:29:47	10:31:27	10:31:27	483	100
83	04/10/2019	RAMCOCEM	09:49:20	09:49:20	09:45:15	09:52:25	09:45:04	09:45:04	341	68.2
84	05/10/2019	JKLAKSHMI	13:07:56	13:07:56	13:01:11	13:30:19	13:09:55	13:09:55	3000	100
85	06/10/2019	MOIL	12:57:40	12:57:40	13:02:24	13:10:28	12:58:08	12:58:08	5000	100
86	07/10/2019	TATAELXSI	11:49:40	11:56:52	11:48:18	14:59:25	12:01:48	12:01:48	29	1.45
87	08/10/2019	MHRIL	12:02:50	12:04:38	12:09:48	12:09:48	12:08:37	12:08:37	3095	100
88	09/10/2019	ISEC	12:15:03	12:15:52	12:17:14	14:04:52	12:18:04	12:18:04	0	0
89	10/10/2019	RAMCOCEM	14:47:43	14:48:03	14:09:00	15:24:53	14:51:14	14:51:14	651	65.1
90	11/10/2019	DEEPAKNTR	09:47:09	11:25:41	09:44:49	15:09:09	11:18:05	11:25:53	0	0
91	12/10/2019	MOIL	10:02:44	10:02:44	10:21:03	13:57:16	10:14:49	10:22:40	3153	99.87
92	13/10/2019	SUNPHARMA	09:58:50	09:58:50	09:25:26	14:59:41	10:03:38	10:03:38	485	48.5
93	14/10/2019	MOIL	09:30:10	09:30:10	09:30:22	11:35:09	09:31:14	09:31:14	828	100
94	15/10/2019	MOIL	10:32:15	10:32:15	10:31:40	14:06:20	10:35:10	10:35:10	827	100

f. The quantity bought and sold and the alleged squared off difference w.r.t the alleged front run trades in Buy-Buy-Sell pattern from the trading account of Noticee no. 2 is as under:

Table 4

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2 Buy Qty	Quest Buy Qty	Noticee no. 2 Sell Qty	Sell Matched Qty	Sell Matched %	squared off diff
1	24/04/2019	MAHINDCIE	BBS	8,398	38,228	8,398	8,398.00	100.00	31,409.30
2	25/04/2019	MAHINDCIE	BBS	8,843	28,581	8,843	8,843.00	100.00	26,602.15
3	26/04/2019	MAHINDCIE	BBS	7,146	29,336	7,146	7,146.00	100.00	16,240.15
4	27/04/2019	MAHINDCIE	BBS	6,652	1,05,722	6,652	6,534.00	98.23	39,293.10
5	28/04/2019	MAHINDCIE	BBS	3,822	61,570	3,822	3,822.00	100.00	7,698.30
6	29/04/2019	MAHINDCIE	BBS	3,500	51,360	3,500	3,454.00	98.69	-427.10
7	30/04/2019	MAHINDCIE	BBS	4,700	40,030	4,700	4,691.00	99.81	8,241.00
8	01/05/2019	MAHINDCIE	BBS	2,660	35,000	2,660	2,660.00	100.00	6,203.25
9	02/05/2019	MAHINDCIE	BBS	6,596	37,638	6,596	6,596.00	100.00	13,521.60
10	03/05/2019	MAHINDCIE	BBS	10,000	44,578	10,000	9,570.00	95.70	11,631.70
11	04/05/2019	MAHINDCIE	BBS	5,898	37,007	5,898	5,898.00	100.00	15,302.90
12	05/05/2019	BHARATFORG	BBS	3,000	2,36,875	3,000	2,695.00	89.83	5,872.25
13	06/05/2019	BHARATFORG	BBS	1,241	47,429	1,241	116.00	9.35	2,388.10
14	07/05/2019	BHARATFORG	BBS	7,500	95,285	7,500	7,500.00	100.00	-16,609.55
15	08/05/2019	CIPLA	BBS	9,579	3,07,836	9,579	2,070.00	21.61	27,044.85
16	09/05/2019	DIVISLAB	BBS	500	40,860	500	487.00	97.40	4,260.20
17	10/05/2019	DIVISLAB	BBS	3,000	66,655	3,000	1,873.00	62.43	16,918.05
18	11/05/2019	DIVISLAB	BBS	3,000	55,775	3,000	3,000.00	100.00	26,241.90
19	12/05/2019	MAHINDCIE	BBS	551	5,479	551	481.00	87.30	1,366.90
20	13/05/2019	DIVISLAB	BBS	3,000	31,277	3,000	1,721.00	57.37	14,646.40
21	14/05/2019	MAHINDCIE	BBS	4,792	39,841	4,792	4,792.00	100.00	19,423.40
22	15/05/2019	MARICO	BBS	7,459	4,34,330	7,459	5,860.00	78.56	22,086.60
23	16/05/2019	MARICO	BBS	10,000	1,27,014	10,000	8,000.00	80.00	34,999.40
24	17/05/2019	TATAELXSI	BBS	3,436	68,070	3,436	3,436.00	100.00	18,726.20
25	18/05/2019	INFY	BBS	5,000	1,53,945	5,000	5,000.00	100.00	951.85
26	19/05/2019	TATAELXSI	BBS	1,055	1,40,950	1,055	1,055.00	100.00	5,802.55

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2 Buy Qty	Quest Buy Qty	Noticee no. 2 Sell Qty	Sell Matched Qty	Sell Matched %	squared off diff
27	20/05/2019	TATAELXSI	BBS	5,000	1,43,140	5,000	4,515.00	90.30	24,601.65
28	21/05/2019	BANDHANBNK	BBS	12,054	5,42,710	12,054	11,500.00	95.40	42,268.15
29	22/05/2019	BANDHANBNK	BBS	10,000	3,56,620	10,000	10,000.00	100.00	78,851.05
30	23/05/2019	FEDERALBNK	BBS	50,000	19,32,580	50,000	22,500.00	45.00	12,500.00
31	24/05/2019	SWSOLAR	BBS	10,250	6,93,810	10,250	8,499.00	82.92	51,990.75
32	25/05/2019	SWSOLAR	BBS	2,035	1,46,130	2,035	89.00	4.37	5,461.85
33	26/05/2019	SWSOLAR	BBS	1,387	36,419	1,387	1,347.00	97.12	2,284.60
34	27/05/2019	JBCHEPHARM	BBS	5,000	14,470	5,000	4,968.00	99.36	29,500.00
35	28/05/2019	JBCHEPHARM	BBS	1,010	5,466	1,010	1,010.00	100.00	3,989.50
36	29/05/2019	JBCHEPHARM	BBS	312	11,260	312	312.00	100.00	802.65
37	30/05/2019	JBCHEPHARM	BBS	798	14,814	798	798.00	100.00	3,878.80
38	31/05/2019	ACC	BBS	3,000	73,625	3,000	-	-	27,898.95
39	01/06/2019	PRINCEPIPE	BBS	5,871	3,68,945	5,871	-	-	15,557.25
40	02/06/2019	PEL	BBS	5,000	61,180	5,000	5,000.00	100.00	-1,070.05
41	03/06/2019	BAJAJ-AUTO	BBS	2,000	27,528	2,000	227.00	11.35	31,708.00
42	04/06/2019	CRISIL	BBS	115	19,226	115	98.00	85.22	1,510.70
43	05/06/2019	BAJAJ-AUTO	BBS	2,397	45,840	2,397	1,467.00	61.20	19,299.80
44	06/06/2019	BIOCON	BBS	15,000	15,81,960	15,000	4,920.00	32.80	362.50
45	07/06/2019	CRISIL	BBS	116	6,765	116	116.00	100.00	3,103.25
46	08/06/2019	PRINCEPIPE	BBS	9,008	1,28,751	9,008	9,008.00	100.00	9,044.80
47	09/06/2019	CRISIL	BBS	1,545	6,650	1,545	1,545.00	100.00	24,336.65
48	10/06/2019	PRINCEPIPE	BBS	5,434	55,000	5,434	5,434.00	100.00	9,655.25
49	11/06/2019	BAJAJ-AUTO	BBS	5,500	1,24,930	5,500	5,000.00	90.91	1,07,294.90
50	12/06/2019	RAMCOCEM	BBS	10,000	1,05,195	10,000	10,000.00	100.00	-19,423.45
51	13/06/2019	NOCIL	BBS	10,000	1,72,222	10,000	7,000.00	70.00	9,952.70
52	14/06/2019	NOCIL	BBS	12,572	2,20,000	12,572	4,392.00	34.93	19,868.30
53	15/06/2019	MOIL	BBS	18,093	1,24,378	18,093	17,564.00	97.08	7,266.80
54	16/06/2019	KANSAINER	BBS	1,674	76,557	1,674	1,609.00	96.12	3,477.00

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2 Buy Qty	Quest Buy Qty	Noticee no. 2 Sell Qty	Sell Matched Qty	Sell Matched %	squared off diff
55	17/06/2019	VTL	BBS	500	2,110	500	479.00	95.80	6,409.65
56	18/06/2019	KANSAINER	BBS	12,803	97,281	12,803	11,239.00	87.78	16,847.40
57	19/06/2019	RAMCOCEM	BBS	1,000	21,250	1,000	1,000.00	100.00	3,031.85
58	20/06/2019	KANSAINER	BBS	3,222	51,790	3,222	3,214.00	99.75	10,972.40
59	21/06/2019	MOIL	BBS	12,112	79,503	12,112	11,163.00	92.16	18,922.35
60	22/06/2019	SBILIFE	BBS	1,000	17,495	1,000	-	-	2,556.15
61	23/06/2019	COROMANDEL	BBS	2,000	50,600	2,000	2,000.00	100.00	13,764.60
62	24/06/2019	MHRIL	BBS	735	35,370	735	-	-	2,564.20
63	25/06/2019	RAMCOCEM	BBS	3,099	61,315	3,099	3,099.00	100.00	19,153.00
64	26/06/2019	MOIL	BBS	2,230	1,779	2,230	-	-	2,870.40
65	27/06/2019	RAMCOCEM	BBS	2,000	70,655	2,000	2,000.00	100.00	16,696.90
66	28/06/2019	COROMANDEL	BBS	2,000	24,997	2,000	2,000.00	100.00	9,419.20
67	29/06/2019	METROPOLIS	BBS	1,000	5,668	1,000	-	-	1,137.70
68	30/06/2019	RAMCOCEM	BBS	3,980	44,839	3,980	3,980.00	100.00	28,553.25
69	01/07/2019	BAJAJFINSV	BBS	500	8,001	500	-	-	-830.75
70	02/07/2019	HDFCLIFE	BBS	4,912	1,24,115	4,912	-	-	4,792.00
71	03/07/2019	ESCORTS	BBS	1,000	31,810	1,000	38.00	3.80	5,740.30
72	04/07/2019	M&MFIN	BBS	11,000	5,69,625	11,000	-	-	-24,422.45
73	05/07/2019	BIRLACORPN	BBS	839	17,839	839	-	-	4,950.10
74	06/07/2019	LAURUSLABS	BBS	500	20,825	500	-	-	922.10
75	07/07/2019	SBIN	BBS	10,000	2,97,960	10,000	-	-	-4,469.50
76	08/07/2019	BIRLACORPN	BBS	2,288	47,326	2,288	334.00	14.60	10,112.30
77	09/07/2019	HCLTECH	BBS	5,000	1,15,365	5,000	492.00	9.84	16,314.90
78	10/07/2019	TV18BRDCST	BBS	20,000	26,79,010	20,000	-	-	8,250.00
79	11/07/2019	TATACOMM	BBS	7,000	16,950	7,000	936.00	13.37	3,036.75
80	12/07/2019	SBIN	BBS	5,000	3,12,720	5,000	-	-	8,250.00
81	13/07/2019	SEQUENT	BBS	14,976	4,18,385	14,976	1,729.00	11.55	14,569.90

g. The quantity bought and sold and the alleged squared off difference w.r.t the alleged front run trades in Sell-Sell-Buy pattern from the trading account of Noticee no. 2 is as under:

Table 5

Sl no.	Trade date	Symbol	Trade Pattern	Noticee no. 2 Sell Qty	Quest Sell Qty	Noticee no. 2 Buy Qty	Buy Matched Qty	Buy Matched %	Squared off diff
1	14/07/2019	TV18BRDCST	SSB	50,000	7,70,354	50,000	41,706.00	83.41	15,368.45
2	15/07/2019	TV18BRDCST	SSB	50,000	14,84,175	50,000	44,855.00	89.71	21,892.20
3	16/07/2019	VARROC	SSB	3,160	68,878	3,160	2,390.00	75.63	13,360.05
4	17/07/2019	SIMPLEXINF	SSB	15,607	62,958	15,607	15,539.00	99.56	72,210.80
5	18/07/2019	COROMANDEL	SSB	975	48,243	975	975.00	100.00	5,045.80
6	19/07/2019	KEC	SSB	1,000	11,905	1,000	1,000.00	100.00	2,168.70
7	20/07/2019	COROMANDEL	SSB	2,046	21,871	2,046	2,046.00	100.00	5,820.30
8	21/07/2019	KEC	SSB	4,886	1,34,408	4,886	4,886.00	100.00	8,799.35
9	22/07/2019	KEC	SSB	6,205	26,648	6,205	4,249.00	68.48	17,942.95
10	23/07/2019	SPENCERS	SSB	1,326	1,22,327	1,326	-	-	1,094.50
11	24/07/2019	MAHINDCIE	SSB	1,000	9,411	1,000	1,000.00	100.00	1,578.15
12	25/07/2019	GUJGASLTD	SSB	15,659	3,70,269	15,659	15,310.00	97.77	18,703.75
13	26/07/2019	GUJGASLTD	SSB	5,000	1,86,684	5,000	5,000.00	100.00	5,000.00
14	27/07/2019	GUJGASLTD	SSB	5,000	1,05,862	5,000	5,000.00	100.00	4,500.00
15	28/07/2019	GUJGASLTD	SSB	2,964	19,627	2,964	2,964.00	100.00	5,439.30
16	29/07/2019	KEC	SSB	2,486	1,11,713	2,486	1,937.00	77.92	5,902.50
17	30/07/2019	GUJGASLTD	SSB	10,000	1,73,838	10,000	9,919.00	99.19	15,500.00
18	31/07/2019	KEC	SSB	2,270	60,427	2,270	2,270.00	100.00	6,781.90
19	01/08/2019	PRAJIND	SSB	20,452	83,974	20,452	13,521.00	66.11	13,882.20
20	02/08/2019	BHARATFORG	SSB	5,000	96,790	5,000	3,300.00	66.00	23,418.25
21	03/08/2019	CONCOR	SSB	5,250	1,86,224	5,250	100.00	1.90	19,690.60
22	04/08/2019	KEC	SSB	3,355	18,933	3,355	3,347.00	99.76	6,057.10
23	05/08/2019	JMCPROJECT	SSB	10,000	5,25,911	10,000	10,000.00	100.00	14,554.50
24	06/08/2019	KEC	SSB	2,788	19,635	2,788	66.00	2.37	5,297.20

Sl no.	Trade date	Symbol	Trade Pattern	Noticee no. 2 Sell Qty	Quest Sell Qty	Noticee no. 2 Buy Qty	Buy Matched Qty	Buy Matched %	Squared off diff
25	07/08/2019	KEC	SSB	17,738	3,45,662	17,738	17,625.00	99.36	33,234.25
26	08/08/2019	JMCPROJECT	SSB	3,676	86,886	3,676	3,593.00	97.74	4,746.65
27	09/08/2019	KEC	SSB	10,000	2,27,878	10,000	10,000.00	100.00	20,000.00
28	10/08/2019	KEC	SSB	15,661	2,09,126	15,661	15,613.00	99.69	27,873.05
29	11/08/2019	MAHINDCIE	SSB	1,071	20,480	1,071	1,071.00	100.00	2,013.90
30	12/08/2019	COROMANDEL	SSB	5,000	16,002	5,000	5,000.00	100.00	12,542.50
31	13/08/2019	COROMANDEL	SSB	1,141	21,731	1,141	1,141.00	100.00	5,135.35
32	14/08/2019	KEC	SSB	7,248	1,09,176	7,248	7,248.00	100.00	20,441.75
33	15/08/2019	KEC	SSB	3,407	13,961	3,407	-	-	6,808.95
34	16/08/2019	KEC	SSB	3,191	22,276	3,191	3,191.00	100.00	5,129.80
35	17/08/2019	M&M	SSB	2,500	1,79,077	2,500	-	-	1,230.70
36	18/08/2019	MAHINDCIE	SSB	5,056	40,880	5,056	5,056.00	100.00	13,071.15
37	19/08/2019	MAHINDCIE	SSB	3,207	76,141	3,207	3,144.00	98.04	7,236.55
38	20/08/2019	KEC	SSB	6,489	90,032	6,489	6,488.00	99.98	12,596.60
39	21/08/2019	JMCPROJECT	SSB	3,253	66,409	3,253	3,253.00	100.00	2,813.70
40	22/08/2019	MAHLOG	SSB	236	12,295	236	236.00	100.00	734.20
41	23/08/2019	JMCPROJECT	SSB	3,015	37,445	3,015	3,015.00	100.00	2,713.50
42	24/08/2019	JMCPROJECT	SSB	1,562	16,585	1,562	1,115.00	71.38	2,976.75
43	25/08/2019	JMCPROJECT	SSB	3,385	1,06,953	3,385	3,385.00	100.00	4,190.05
44	26/08/2019	JMCPROJECT	SSB	6,514	20,421	6,514	5,188.00	79.64	9,159.60
45	27/08/2019	JMCPROJECT	SSB	772	10,320	772	772.00	100.00	707.40
46	28/08/2019	MAHINDCIE	SSB	3,000	41,025	3,000	3,000.00	100.00	6,027.55
47	29/08/2019	JMCPROJECT	SSB	4,368	65,496	4,368	-	-	4,368.00
48	30/08/2019	JMCPROJECT	SSB	4,605	14,983	4,605	-	-	7,060.85
49	31/08/2019	LTTS	SSB	379	15,466	379	374.00	98.68	4,065.35
50	01/09/2019	BANDHANBNK	SSB	1,694	1,25,000	1,694	1,024.00	60.45	5,245.70
51	02/09/2019	LTTS	SSB	2,000	51,049	2,000	2,000.00	100.00	27,117.95
52	03/09/2019	LTTS	SSB	1,650	38,582	1,650	1,650.00	100.00	11,406.60

Sl no.	Trade date	Symbol	Trade Pattern	Noticee no. 2 Sell Qty	Quest Sell Qty	Noticee no. 2 Buy Qty	Buy Matched Qty	Buy Matched %	Squared off diff
53	04/09/2019	MAHINDCIE	SSB	2,000	28,307	2,000	904.00	45.20	1,525.60
54	05/09/2019	LTTS	SSB	180	3,380	180	180.00	100.00	1,593.10
55	06/09/2019	MAHINDCIE	SSB	5,000	11,104	5,000	4,354.00	87.08	-8,933.25
56	07/09/2019	JMCPROJECT	SSB	1,297	11,259	1,297	-	-	1,352.95
57	08/09/2019	SWSOLAR	SSB	3,021	27,315	3,021	2,687.00	88.94	15,052.50
58	09/09/2019	MAHINDCIE	SSB	3,174	30,485	3,174	3,174.00	100.00	3,485.10
59	10/09/2019	MAHINDCIE	SSB	2,012	34,897	2,012	1,994.00	99.11	5,030.00
60	11/09/2019	SWSOLAR	SSB	11,488	58,956	11,488	11,488.00	100.00	66,685.65
61	12/09/2019	MAHINDCIE	SSB	160	7,30,722	160	-	-	192.00
62	13/09/2019	CIPLA	SSB	10,000	4,41,562	10,000	2,749.00	27.49	33,206.60
63	14/09/2019	TECHM	SSB	4,000	5,24,625	4,000	100.00	2.50	44,874.95
64	15/09/2019	ITC	SSB	25,000	30,45,049	25,000	7,373.00	29.49	5,770.65
65	16/09/2019	MAHLOG	SSB	4,426	21,641	4,426	4,382.00	99.01	8,896.30
66	17/09/2019	FEDERALBNK	SSB	1,70,220	22,08,300	1,70,220	78,968.00	46.39	1,71,212.55
67	18/09/2019	MAHINDCIE	SSB	10,000	1,21,597	10,000	9,389.00	93.89	29,045.00
68	19/09/2019	JBCHEPHARM	SSB	5,000	1,51,503	5,000	4,604.00	92.08	20,414.60
69	20/09/2019	BAJAJ-AUTO	SSB	4,000	58,255	4,000	1,133.00	28.33	22,531.75
70	21/09/2019	DLF	SSB	5,000	3,79,515	5,000	2,149.00	42.98	2,443.15
71	22/09/2019	BHARTIARTL	SSB	2,000	1,95,567	2,000	-	-	4,794.75
72	23/09/2019	TRENT	SSB	2,000	49,468	2,000	2,000.00	100.00	16,544.00
73	24/09/2019	PRINCEPIPE	SSB	20,000	1,20,280	20,000	20,000.00	100.00	17,000.00
74	25/09/2019	SUNPHARMA	SSB	5,000	72,475	5,000	-	-	-7,228.20
75	26/09/2019	NH	SSB	229	1,14,123	229	26.00	11.35	264.00
76	27/09/2019	PRINCEPIPE	SSB	3,691	71,815	3,691	3,158.00	85.56	1,853.00
77	28/09/2019	BPCL	SSB	25,500	2,46,299	25,500	-	-	28,563.95
78	29/09/2019	NH	SSB	792	18,161	792	763.00	96.34	2,932.10
79	30/09/2019	IPCALAB	SSB	2,000	18,667	2,000	2,000.00	100.00	32,156.30
80	01/10/2019	BAJAJ-AUTO	SSB	6,500	1,11,561	6,500	5,566.00	85.63	48,760.75

Sl no.	Trade date	Symbol	Trade Pattern	Noticee no. 2 Sell Qty	Quest Sell Qty	Noticee no. 2 Buy Qty	Buy Matched Qty	Buy Matched %	Squared off diff
81	02/10/2019	TATAELXSI	SSB	1,000	13,490	1,000	968.00	96.80	5,301.45
82	03/10/2019	METROPOLIS	SSB	483	12,238	483	483.00	100.00	5,257.10
83	04/10/2019	RAMCOCEM	SSB	500	9,950	500	341.00	68.20	-6,000.00
84	05/10/2019	JKLAKSHMI	SSB	3,000	34,000	3,000	3,000.00	100.00	4,618.70
85	06/10/2019	MOIL	SSB	5,000	56,460	5,000	5,000.00	100.00	4,813.05
86	07/10/2019	TATAELXSI	SSB	2,000	48,779	2,000	29.00	1.45	10,673.85
87	08/10/2019	MHRIL	SSB	3,095	44,135	3,095	3,095.00	100.00	9,174.60
88	09/10/2019	ISEC	SSB	2,231	39,785	2,231	-	-	7,954.30
89	10/10/2019	RAMCOCEM	SSB	1,000	1,25,426	1,000	651.00	65.10	6,218.80
90	11/10/2019	DEEPAKNTR	SSB	2,000	38,929	2,000	-	-	5,137.35
91	12/10/2019	MOIL	SSB	3,157	1,22,640	3,157	3,153.00	99.87	3,317.20
92	13/10/2019	SUNPHARMA	SSB	1,000	2,73,974	1,000	485.00	48.50	3,363.45
93	14/10/2019	MOIL	SSB	828	31,728	828	828.00	100.00	419.85
94	15/10/2019	MOIL	SSB	827	54,067	827	827.00	100.00	1,277.15

h. The net profit/loss averted by Noticee no. 2 through the above mentioned trades in Table 4 and Table 5 is Rs. 22,88,126.

3. The SCN was served on the Noticees by speed post. The Noticees filed separate replies both dated December 18, 2021 in the matter. Vide their respective replies dated December 18, 2021, the Noticees accepted the contents of the SCN and *inter alia* made the following submissions:

a. the Noticees have not violated the provisions of SEBI Rules and Regulations.

b. Noticee no. 2 himself was not trading ahead of trades of Quest, only his account was used for trading.

c. Noticee no. 1 used to place orders from the trading account of Noticee no. 2.

d. the actual net profit was not Rs. 22,88,126 as alleged in the SCN but only Rs. 19,66,000 (after taxes and levies).

e. the Noticees are ready to give up/pay off the net profit earned by them and requested that such payment may be allowed to be paid in instalments within six months.

f. front running of trades was stopped around August 2020 upon realisation of the mistake.

g. the Noticees are guilty of their conduct.

h. The Noticees have confessed to their wrongdoing while recording their respective statements before SEBI.

i. the penalty to be imposed, if any under the provisions of SEBI Act, 1992 may be waived and directions for debarment against the Noticees may not be passed in the matter.

4. The matter was placed before the undersigned on December 23, 2021 for granting date for personal hearing in the matter and hearing was scheduled on March 14, 2022. On March 14, 2022, the Noticees appeared via video conferencing and reiterated the submissions made in their written replies. I also note that vide their aforementioned replies dated December 18, 2021, the Noticees *inter alia* stated that they shall be filing a settlement application in the matter. I note that the application for settlement filed by the Noticees was rejected and the same was informed to the Noticees vide email dated July 04, 2022.

5. Vide letter dated June 29, 2022, Noticee no. 1 retracted the averments made in his reply dated December 18, 2021 and *inter alia* made the following additional submissions:

a. The questions asked during the investigation period were with an intent to curb the lacunas of the investigation and the same were framed and put to the Noticee without explaining the nature and definition of front running and the same were not examined or related to the evidence on record.

b. The Noticee, in his statement dated September 14, 2021, had accepted that front running was done. This statement was made not on the basis of all

concerned parties and was made on the basis of cryptic information provided by SEBI officials without any understanding of front running as a phenomenon.

c. The Noticee retracts every averment in its reply dated December 18, 2021 as the same were based on the charges which the Noticee is now advised are not complete as the same are not supported with any documents, data or information quantifying the loss and damage to the market and neither do such charges quantify the unlawful gain of the Noticee.

d. The Noticee is commerce graduate and has been employed with Quest since last 10 years and charged for such violation for the first time.

e. Quest, a SEBI registered Portfolio Manager, has framed certain schemes/products which are sold to mostly HNIs. The schemes are discretionary, such that the fund managers operate these schemes for/on behalf of the clients registered in the schemes and decide buy/sale strategies for different scrips. Quest has more than 10 empaneled brokers. Quest has two dealers who, on the basis of instructions received from fund managers, convey their orders to the brokers. Dealers had no say in choosing the scrips, quantity, price, timing etc. decisions. The dealers job was to convey the orders received from fund managers to the brokers. Noticee no. 1 was one of the dealers who used to convey orders received by him.

f. Noticee no. 2 is father of Noticee no. 1 and has a trading account with Magnum Broking and the account is mapped under Ms. Jasmine Karia who is a registered sub-broker and wife of Shri Piyush Karia. Noticee no. 2 knew Shri Piyush Karia. Noticee no. 2 had given his authority to his son (Noticee no. 1) to operate his account for trading as Noticee no. 1 being knowledgeable about market functioning and its trends, and used to place orders on Shri Piyush Karia who was allotted trading terminal in the name of his wife, Ms. Jasmine Karia, installed at Mangum's Borivali office.

g. Matching of order through market mechanism between two parties *per se* does not make trades eligible for disgorgement.

h. SEBI has not explained front running to the parties whose statements have been recorded and not explained different features of trading of Quest and Noticee no. 2. Regulation 4(2)(q) of PFUTP Regulations, 2003, which is being used to charge any person for 'front running', does not define front running.

i. From the reading of Regulation 4(2)(q) of PFUTP Regulations, 2003 and SEBI circular dated May 25, 2012 shows that front running necessarily includes:

   I. Information about substantial impending transaction in securities
   II. Such information is not publicly available
   III. Order is placed by the person having information
   IV. Usage of non-public information to directly or indirectly buy or sell securities in advance of substantial orders, on an impending transaction in anticipation that when the information becomes public, the price of such securities or contracts may change

j. Substantial transaction has not been defined by SEBI in any of the Act, Rules or Regulations. Further, one of the ways to ascertain substantiality can be impact analysis, i.e. variation of the price of that security on the price of the security. However, no such analysis has been done by SEBI to ascertain whether the transaction is substantial or not. Besides, order book has not been provided by SEBI to understand the impact of impending orders on the price of the scrip. The nature of Quest's order i.e. limit or market order, fully disclosed or minimum fill order is also not disclosed by SEBI. SEBI should be asked to disclose how they have arrived at the conclusion that it is a substantial transaction impacting the price in a more detailed manner. In absence of such details the allegations are devoid of any merit.

k. The number of orders from Quest were in a number of scrips whereas the orders of Noticee no. 2 (placed on Shri Piyush Karia/Magnum) were very few

during a trading day. Transactions of Quest are either buy or sale and delivery based. The transactions of Noticee no. 2 were buy and sell (intraday) and sell and buy (intraday). Thus there was disjoint, disconnect in the strategies of Quest and the Noticee no. 2 hence the trading pattern does not amount to front running.

l. Noticee no. 2 has not traded on daily basis but only on 68 days out of 463 days. The trades of Noticee no. 2 are not necessarily in the scrips which Quest has traded on that particular date. The analysis of trading by Noticee no. 2 was different from Quest and there was no intention to collude as evident from the fact that Noticee no. 2 has not traded on all days, the volume of Noticee no. 2 has not matched on all days, matching, if any, has happened when the scrip is not liquid. The volume of Noticee no. 2, as per SCN, was INR 75 crore and the volume of Quest could be in the range of INR 2000 crores during the investigation period. The orders of Noticee no. 2 were miniscule and therefore, Noticee no. 2's order or Quest's orders were not substantial compared to the market and each other's volume. Working on Noticee no. 2's volume *vis-à-vis* Quest's volume and Quest's volume *vis-à-vis* market volume has been annexed to the reply. Matching of some or even 100% of volume of Noticee no. 2 with that of Quest cannot be per se treated as objectionable.

m. SEBI has not provided any analysis of the impact of Noticee no. 2's trades on the price, volume, trades of other investors and in absence of the same there cannot be any disgorgement. The Noticee has relied on the order dated August 02, 2019 of Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") in the matter of Ram Kishori Gupta & Anr. vs. SEBI to state that disgorgement without restitution does not serve any prupose. Without prejudice, on several occasions Noticee no. 2's 100 percent quantity has not matched with Quest. Hence, the disgorgement ought to be reduced by Rs. 3,69,120.96. Workings of unmatched quantity have been annexed to the reply.

n. Information about forthcoming buy/sell orders of scrips in/of a private limited company such as Quest do not come within the sweep of definition of front running.

o. While placing orders Quest had pre-decided the price range for buy/sell of its shares and carried out the trades. Quest's profit (or loss) depended on the pre-fixed, upfront purchase/sale price. If Quest's fixed price did not reach on trading screen, its orders would not result in trade. If the orders got executed at its price then that's what Quest wanted and therefore, there cannot be any grievance as Quest's orders had been executed as per its preferred price during the market hours. Many a times the time range of Noticee's orders were after the time range of Quest's orders. Therefore, the finding of front running is erroneous.

p. The Noticee has not made any unlawful gains and the profits made are from intraday trading. There is no allegation/finding that trading of Noticee no. 1 resulted into fraud on Quest or investors or on securities market. There is no allegation of fraud. The Noticee relied on the judgement of the Hon'ble Supreme Court in the matter of Balram Garg v. SEBI (2022) 9 SCC 425 to contend that the SCN has simpliciter made allegations which is not enough to ascertain fraud.

q. The credibility of statement of Ms. Jasmine Karia and her husband is not credit worthy as she is not operating her sub-broker ship but has permitted her husband to operate her sub-broker ship which is against the code of conduct of sub-broker.

r. It is an established principle that a vague allegation which does not specifically set out the reason for such allegation cannot be sustained as the same does not provide an opportunity to a noticee to counter the charges and the same is contrary to the rules of natural justice. The Noticee relied on the order of Hon'ble Supreme Court in the matter of Chief Engineer, MSEB and Anr. v.

Suresh Raghunath Bhokare (2005) 10 SCC 465 and order dated March 08, 2010 by Hon'ble SAT in the matter of Vikas Bangani v. SEBI to contend that the allegation of fraud cannot sustain in absence of particulars of fraud being provided in the SCN. The SCN has not shown through what mode the communication, which led to the front running, was communicated. The SCN is on the basis of cryptic analysis of the trading pattern and no other independent evidence which points to the Noticee's fraudulent conduct has been set out in the SCN. The SCN purports to treat suspicion and evidence as one and ignores the foundational principle of the law that the standard of proof for a charge of fraud to be established must be sufficient to overcome the presumption of honesty and good faith in dealings.

s. The requirement of 'intention' is a pre-requisite to prove 'fraud' for violation of PFUTP Regulations, 2003. In the present case, there are no complaints from the public shareholders of the Company.

t. The Noticee has not indulged in any manipulative, fraudulent or deceptive transaction or scheme as alleged in the SCN. The Noticee's case in so far as the PFUTP violations are concerned is squarely covered by the WTM order dated August 06, 2021 in the matter of Jiasukh Dealers Ltd. Noticee has not made any disproportionate gain or any unfair advantage and the Noticee is not a repetitive offender. The alleged violation has not resulted in any harm caused to the securities market.

u. The Noticee already availed hearing in the matter but seeks another opportunity for another personal hearing in the matter to make further submissions. The Noticee requests that such hearing be provided post providing the trade logs to the Noticee.

Consideration and findings:

6. I have considered the allegations made in the SCN dated November 29, 2021, submissions made by the Noticees in their replies, submissions made during the course of personal hearing and written submissions filed thereafter. The question to be determined in the present proceedings is whether the Noticees have violated the provisions of SEBI Act, 1992 and PFUTP Regulations, 2003, as alleged in the SCN.

7. Before dealing with the issue, it would be appropriate to refer to the relevant provisions of law which are alleged to have been violated by the Noticees and relevant extract thereof is reproduced hereunder:

Relevant extract of provisions of SEBI Act, 1992

> ***"Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.***
> *12A.No person shall directly or indirectly—*
> *(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
> *(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*
> *(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
> *(d)……..."*

Relevant extract of provisions of PFUTP Regulations, 2003

> ***"3. Prohibition of certain dealings in securities.***
> *No person shall directly or indirectly -*
> *(a) buy, sell or otherwise deal in securities in a fraudulent manner;*
> *(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive*

device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:—

……..

(q) any order in securities placed by a person, while directly or indirectly in possession of information that is not publically available, regarding a substantial impending transaction in that securities, its underlying securities or its derivative;

8. Further, with respect to the definition of 'front running', I note that the Hon'ble Supreme Court of India in SEBI vs. Shri Kanaiyalal Baldevbhai Patel & Ors. (2017) 15 SCC 1 observed as follows:

"…….. As per the Major Law Lexicon by P Ramanatha Aiyar (4th Edition 2010), 'front running' is defined as under:

Front running - Buying or selling securities ahead of a large order so as to benefit from the subsequent price move.

This denotes persons dealing in the market, knowing that a large transaction will take place in the near future and that parties are likely to move in their favour.

The illegal private trading by a broker or market-maker who has prior knowledge of a forthcoming large movement in prices. (Investment)

The Black's Law Dictionary (Ninth Edition) defines the term 'front running' as under:

Front running, n. Securities. A broker's or analyst's use of nonpublic information to acquire securities or enter into options or futures contracts for his or her own benefit,

knowing that when the information becomes public, the price of the securities will change in a predictable manner. This practice is illegal. Front-running can occur in many ways. For example, a broker or analyst who works for a brokerage firm may buy shares in a company that the firm is about to recommend as a strong buy or in which the firm is planning to buy a large block of shares. Nancy Folbre – In the world of financial trading, a front-runner is someone who gains an unfair advantage with inside information.

SEBI has defined front-running in one of its circular (CIR/EFD/1/2012 dated May 25, 2012) in the following manner-
Front-running; for the purpose of this circular, front running means usage of non-public information to directly or indirectly, buy or sell securities or enter into options or futures contracts, in advance of a substantial order, on an impending transaction, in the same or related securities or futures or options contracts, in anticipation that when the information becomes public; the price of such securities or contracts may change……..."

The Hon'ble Supreme Court further observed as follows:

"…[front-running] comprises of at least three forms of conduct. They are: (1) trading by third parties who are tipped on an impending block trade ("tippee" trading); (2) transactions in which the owner or purchaser of the block trade himself engages in the offsetting futures or options transaction as a means of "hedging" against price fluctuations caused by the block transaction ("self-front-running"); and (3) transactions where a intermediary with knowledge of an impending customer block order trades ahead of that order for the intermediary's own profit ("trading ahead")…"

Regarding the nature of front running trades, the following has been observed by the Hon'ble Supreme Court in the Kanaiyalal matter (supra):

"41. Now we come back to the regulations 3 and 4 (1) which bars persons from dealing in securities in a fraudulent manner or indulging in unfair trade practice. Fairness in financial markets is often expressed in terms of level playing field. A playing field may be uneven because of varied reasons such as inequalities in information etc. Possession of different information, which is a pervasive feature of markets, may not always be objectionable. Indeed, investors who invest resources in acquiring superior information are entitled to exploit this advantage, thereby making markets more efficient. The

unequal possession of information is fraudulent only when the information has been acquired in bad faith and thereby inducing an inequitable result for others.

42. The law of confidentiality has a bearing on this case instant. "Confidential information acquired or compiled by a corporation in the course and conduct of its business is a species of property to which the corporation has the exclusive right and benefit, and which a court of equity will protect through the injunctive process or other appropriate remedy."(W. Fletcher, Cyclopedia of Law of Private Corporations § 857.1, p. 260 (rev. ed. 1986)) The information of possible trades that the company is going to undertake is the confidential information of the company concerned, which it has absolute liberty to deal with. Therefore, a person conveying confidential information to another person (tippee) breaches his duty prescribed by law and if the recipient of such information knows of the breach and trades, and there is an inducement to bring about an inequitable result, then the recipient tippee may be said to have committed the fraud.

43. Accordingly, non-intermediary front running may be brought under the prohibition prescribed under regulations 3 and 4 (1), for being fraudulent or unfair trade practice, provided that the ingredients under those heads are satisfied as discussed above. From the above analysis, it is clear that in order to establish charges against tippee, under regulations 3 (a), (b), (c) and (d) and 4 (1) of FUTP 2003, one needs to prove that a person who had provided the tip was under a duty to keep the non-public information under confidence, further such breach of duty was known to the tippee and he still trades thereby defrauding the person, whose orders were front-runned, by inducing him to deal at the price he did.

44.Taking into consideration the facts and circumstances of the case before us and the law laid down herein above and SEBI v. Kishore R. Ajmera (Supra) can only lead to one conclusion that concerned parties to the transaction were involved in an apparent fraudulent practice violating market integrity. The parting of information with regard to an imminent bulk purchase and the subsequent transaction thereto are so intrinsically connected that no other conclusion but one of joint liability of both the initiator of the fraudulent practice and the other party who had knowingly aided in the same is possible. ....."

9. The brief case, as alleged against the Noticees in the SCN, is that Noticee no. 1 was employed as a dealer with Quest, who is a SEBI registered Portfolio Manager. Noticee No.1, being the dealer used to place orders with the empaneled brokers

for buying and selling of securities on behalf of clients of Quest. Therefore, Noticee No. 1 was privy to the information with respect to the impending orders of Quest in the securities market. Noticee no. 1 is the son of Noticee no. 2 and was authorised to place orders in the trading account of Noticee no. 2. The trading account of Noticee no. 2 was held with Magnum Broking through sub-broker Ms. Jasmine Karia, however, the activities related to sub-broker ship were being handled by her husband, Shri Piyush Karia. Shri Piyush Karia was handling Noticee no. 2's trading account held with Magnum Broking. Noticee no. 1 used to share the information regarding impending orders of Quest with Shri Piyush Karia and instruct him to place orders in the trading account of Noticee no. 2. Based on examination of trading activity of Noticee no. 2, SCN alleges that the trades executed from the trading account of Noticee No. 2 had front run the trades of Quest during the investigation period. The trading pattern of Noticee no. 2 shows that the pattern of front running was Buy-Buy-Sell and Sell-Sell-Buy. In 81 instances when a bulk buy order was about to come from Quest, buy orders were placed from the account of Noticee no. 2 just prior to the buy order of Quest and sell orders were placed just prior or after Quest's bulk order in order to square off the position to earn profits. In all 81 instances the buy and sale quantity of all trades of Noticee no. 2 was same. In 94 instances when a bulk sell order was about to come from Quest, sell orders were placed from the trading account of Noticee no. 2 just prior to the bulk sell order of Quest and buy orders were placed just before or after Quest's bulk sell order in order to square off the position to earn profits. In all 94 instances, buy and sale quantity of all trades was same. Therefore, it is alleged that the front running trades by the Noticees resulted in wrongful gain / loss aversion of Rs 22,88,126/- for Noticee no. 2. In view of the above, SCN alleged that the Noticees have violated provisions of Sections 12A (a), (b) and (c) of SEBI Act, 1992 and Regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) of PFUTP Regulations, 2003.

10. Before dealing with the matter further, a chronology of the facts of the case, examination in the matter and the submissions made by the Noticees is warranted. In this regard, I note that SEBI's internal alert system generated front running alerts against certain entities, including the Noticees, in the month of June 2020 and July

2020 suspected to be front running the trades of Quest. Accordingly, SEBI conducted a preliminary examination for the period March 01, 2019 to July 31, 2020 to ascertain whether or not the suspected entities had front run on the trades of Quest, in contravention of the provisions of SEBI Act, 1992 read with PFUTP Regulations, 2003. An Investigating Authority was appointed under Sections 11 and 11C of the SEBI Act, 1992. During the investigation, the statements of Noticee no. 1, Noticee no. 2, Shri Piyush Karia and Ms. Jasmine Piyush Karia were recorded in terms of the provisions of Section 11 & 11C of the SEBI Act, 1992. Noticee no. 1 in the statement dated September 14, 2021 given before the Investigating Authority *inter alia* stated the following:

a. That he shared information regarding placing the big orders on behalf of Quest with Shri Piyush Karia, who was handling the trading account of his father, Bhupendra Jasvantrai Parekh (Noticee no. 2) held with Magnum Equity.

b. That for trades, he used to send WhatsApp messages through his mobile which he used to delete later.

c. That he used to give instructions to Shri Piyush Karia for front running in his father's account and takes full responsibility for front running of the trades in his father's account during March 01, 2019 to August 31, 2020.

11. Noticee no. 2, in his statement dated September 14, 2021 before the Investigating Authority under Section 11 & 11C of the SEBI Act, 1992 *inter alia* stated the following:

a. That his son used to operate his trading account held with Magnum Equity

b. Shri Piyush Karia was the sub-broker with whom his trading account was mapped and he was aware that Shri Piyush Karia was trading in his account

c. That his son (Noticee no. 1) was giving instructions to Shri Piyush Karia for trading through his account for front running

d. That he accepts that front running was done through his account during March 01, 2019 to August 31, 2020 by his son (Noticee no. 1)

12. Shri Piyush Karia, in his statement September 14, 2021 given to the Investigating Authority corroborated the facts stated in their respective statements by the Noticees. Noticees were show caused on November 29, 2021. The Noticees filed their respective replies dated December 18, 2021 in response to the SCN dated November 29, 2021. In the said replies, the Noticees accepted the facts presented in the SCN except the actual net profit mentioned in the SCN. According to the Noticees the actual profit was of an amount of Rs. 19,66,000. The Noticees also accepted that Noticee no. 2 himself was not trading in his own account but Noticee no. 1 used to place orders from the trading account of Noticee no. 2. While pleading guilty of their conduct, the Noticees stated that they were ready to pay off the profits earned and that after realisation of the mistake, front running activities were stopped around August 2020. They also alluded to their good conduct by referring to the confession made before Investigating Authority on September 14, 2021, as mentioned above. During the personal hearing in the matter, held on March 14, 2022, the Noticees appeared in person and made submissions which were in line with their respective replies dated December 18, 2021 filed in the matter. The Noticees filed a settlement application with SEBI which was rejected on July 04, 2022. After six months of filing their reply in the matter and more than three months after the conclusion of hearing, Noticee no. 1 vide letter dated June 29, 2022, made additional written submissions. In his submissions, Noticee no. 1 has retracted the averments made in his reply dated December 18, 2021. Noticee no. 1 further stated that his statements dated September 14, 2021 to the Investigating Authority, wherein he had accepted that front running was done, was made on the basis of cryptic information provided by SEBI officials without any understanding of the front running as a phenomenon.

13. As mentioned in above paragraphs, vide letter dated June 29, 2022, Noticee no. 1 has retracted the statements made by him earlier before the Investigating Authority and his submissions made in these proceedings. In order to ascertain, as to whether it is open to a person to retract his statements made before the investigating Authority, a reference may be made to Section 11C of the SEBI Act, 1992 which reads as under:

Investigation

11C. (1) Where the Board has reasonable ground to believe that—

(a) the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market; or

(b) any intermediary or any person associated with the securities market has violated any of the provisions of this Act or the rules or the regulations made or directions issued by the Board thereunder,

it may, at any time by order in writing, direct any person (hereafter in this section referred to as the Investigating Authority) specified in the order to investigate the affairs of such intermediary or persons associated with the securities market and to report thereon to the Board.

(2) Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.

(3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.

(4) The Investigating Authority may keep in its custody any books, registers, other documents and record produced under sub-section (2) or sub-section (3) for six months and thereafter shall return the same to any intermediary or any person associated with securities market by whom or on whose behalf the books, registers, other documents and record are produced:

Provided that the Investigating Authority may call for any book, register, other document and record if they are needed again:

Provided further that if the person on whose behalf the books, registers, other documents and record are produced requires certified copies of the books, registers, other documents and record produced before the Investigating Authority, it shall give certified copies of such books, registers, other documents and record to such person or on whose behalf the books, registers, other documents and record were produced.

(5) Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director, officer and other employee of any intermediary or any person associated with securities market in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally.

(6) If any person fails without reasonable cause or refuses—

(a) to produce to the Investigating Authority or any person authorised by it in this behalf any book, register, other document and record which is his duty under sub-section (2) or subsection (3) to produce; or

(b) to furnish any information which is his duty under sub-section (3) to furnish; or

(c) to appear before the Investigating Authority personally when required to do so under sub-section (5) or to answer any question which is put to him by the Investigating Authority in pursuance of that sub-section; or

(d) to sign the notes of any examination referred to in sub-section (7),

he shall be punishable with imprisonment for a term which may extend to one year, or with fine, which may extend to one crore rupees, or with both, and also with a further fine which may extend to five lakh rupees for every day after the first during which the failure or refusal continues.

(7) Notes of any examination under sub-section (5) shall be taken down in writing and shall be read over to, or by, and signed by, the person examined, and may thereafter be used in evidence against him.

(8) Where in the course of investigation, the Investigating Authority has reasonable ground to believe that the books, registers, other documents and record of, or relating to, any intermediary or any person associated with securities market in any manner, may be destroyed, mutilated, altered, falsified or secreted, the Investigating Authority may make an application to the Magistrate or Judge of such designated court in Mumbai, as may be notified by the Central Government for an order for the seizure of such books, registers, other documents and record.

(8A) The authorised officer may requisition the services of any police officer or any officer of the Central Government, or of both, to assist him for all or any of the purposes specified in subsection (8) and it shall be the duty of every such officer to comply with such requisition.

(9) After considering the application and hearing the Investigating Authority, if necessary, the Magistrate or Judge of the Designated Court may, by order, authorise the Investigating Authority–

(a) to enter, with such assistance, as may be required, the place or places where such books, registers, other documents and record are kept;

(b) to search that place or those places in the manner specified in the order; and

(c) to seize books, registers, other documents and record, it considers necessary for the purposes of the investigation:

Provided that the Magistrate or Judge of the Designated Court shall not authorise seizure of books, registers, other documents and record, of any listed public company or a public company (not being the intermediaries specified under section 12) which intends to get its securities listed on any recognised stock exchange unless such company indulges in insider trading or market manipulation.

(10) The Investigating Authority shall keep in its custody the books, registers, other documents and record seized under this section for such period not later than the conclusion of the investigation as it considers necessary and thereafter shall return the same to the company or the other body corporate, or, as the case may be, to the managing director or the manager or any other person, from whose custody or power they were seized and inform the Magistrate or Judge of the Designated Court of such return:

Provided that the Investigating Authority may, before returning such books, registers, other documents and record as aforesaid, place identification marks on them or any part thereof.

(11) Save as otherwise provided in this section, every search or seizure made under this section shall be carried out in accordance with the provisions of the Code of Criminal Procedure, 1973 (2 of 1974) relating to searches or seizures made under that Code.

14. In terms of Section 11C(5) of the SEBI Act, 1992, the Investigating Authority, duly appointed in terms of Section 11C(1), is empowered to examine on oath *inter alia* any person associated with securities market. Further, in terms of Section 11C(7), the notes of the examination taken under Section 11C(5) are required to be taken down in writing and read over to, or by, and signed by the person examined and can thereafter be used in evidence against him. I note that the Investigating Authority has been duly appointed in terms of Section 11C(1). Further, the statement of examination on oath of Noticee no. 1, Noticee no. 2 and Shri Piyush Karia dated September 14, 2021 has been duly recorded as required under Section 11C(5) and 11C(7). The Noticees and Shri Piyush Karia have also signed their respective recorded statements. Further, statement given to an Investigating Authority appointed under Section 11C of SEBI Act, 1992 is made under oath and in terms of Section 11C(7) of SEBI Act, 1992 can be used against the maker of such statements. I note that a copy of his statement was also provided to Noticee no. 1 along with the SCN dated November 29, 2021. I note that in his reply to the SCN dated December 18, 2021 and during the personal hearing dated March 14, 2022, Noticee no. 1 maintained his stand taken in his statement dated September 14, 2021. However, in his additional submissions dated March 14, 2022, Noticee no. 1 has retracted his earlier averments in statement dated September 14, 2021 and his subsequent reply dated December 18, 2021. Such retraction has been made by Noticee no. 1 after more than nine months after his statement recorded under Section 11C. Therefore, in terms of the provisions of Section 11C(7), any stand taken by Noticee no. 1 which is contrary to his statement made before the Investigating Authority is liable to be rejected as an afterthought. I also note that while Noticee no. 1 has retracted his earlier statement made before the Investigating Authority, no such retraction has been made by Noticee no. 2, who had also corroborated the statement made by Noticee no. 1 earlier. Accordingly, the retraction made by Noticee no. 1 is untenable and liable to be ignored and the

statement recorded before the Investigating Authority can be considered for adjudication of merits of the matter in the present proceedings.

15. In this regard, I also note that the position taken by the Noticees in their respective statements made before the Investigating Authority was also maintained in their respective replies to the SCN in these proceedings. During the personal hearing also the Noticees, including Noticee no. 1 maintained that he used to have information regarding impending trades of Quest in securities market and used to convey the information along with buy/sell instructions to Shri Piyush Karia and that Noticee no. 1 placed orders in the trading account of Noticee no. 2 maintained with Magnum Equity through Shri Piyush Karia. Further, the Noticees accepted that the trades made in the securities, in which Quest was also trading were squared off on the same day with an intention to book profit. However, in his written submissions dated June 29, 2022, Noticee no. 1 has made submissions which are contrary to what had been stated by him in his reply to SCN and the submissions made by him during the personal hearing in the matter. I find that written submissions are the gist of the arguments made during the personal hearing and it cannot have statements which are at variance of what has been argued during the personal hearing.

16. Noticee no. 1 in his reply dated June 29, 2022 has given certain reasons for retracting his submissions made earlier before investigating authority, in the reply in these proceedings and during the personal hearing in these proceedings. These reasons for retraction, have been examined in the following sub-paras:

a. The Noticee has contended that his statement before the Investigating Authority was made on the basis of cryptic information without any understanding of ‘front running’ and the questions put before him were framed without explaining the nature and definition of ‘front running’ or the features of Regulation 4(2)(q) of PFUTP Regulations, 2003 which has been used to charge him. Noticee no. 1 has also contended that the nature and definition of ‘front running’ was not known to him and his statements made before the

Investigating Authority was made without complete understanding of the concept of 'front running'. In this regard, I note that in terms of sub-section 7 of Section 11C of SEBI Act, 1992

> *"(7) Notes of any examination under sub-section (5) shall be taken down in writing and shall be read over to, or by, and signed by, the person examined, and may thereafter be used in evidence against him."*

I have gone through the statement of Noticee no. 1, recorded before the Investigating Authority on September 14, 2021. I note that the statement, *inter alia*, contains a para stating:

> *"The statement is given by me voluntarily without fear, coercion, threat or inducement. This statement is recorded as stated by me and understood by me in proper way before signing. I Ketan Bhupendra Parekh, acknowledge that I shall be responsible for the statement and the averments made herein above."*

The said statement has also been duly signed by Noticee no. 1. From this statement and the records of the matter, I do not find that Noticee no. 1 while signing such statement or even afterwards had raised the issue that they have not understood as to what 'front running' means. Therefore, I find that this contention made by Noticee no. 1 at this stage is an afterthought. Furthermore, I note that in his submissions dated June 29, 2022 Noticee no. 1 has stated that he is a commerce graduate and employed with Quest since last 10 years. Noticee no. 1 was working as a dealer with Quest, a registered Portfolio Manager and his role required having an understanding of the market concepts, market conduct and general terms used in the market. Noticee no. 1 has further claimed that he is knowledgeable about market functioning and its trends and therefore, used to handle his father's trading account. Therefore, it is reasonable to infer that Noticee no. 1 was aware of what 'front running' means.

b. In the SCN dated November 29, 2021, the Noticees have been alleged to have committed front running and were, *inter alia*, charged under Regulation 4(2)(q) of PFUTP Regulations, 2003. The allegation in the SCN and the Regulation 4(2)(q) makes it clear what front running means. I further note that SCN clearly alleged what acts the Noticees had committed and thereafter describes those acts as front running of trades of Quest and also refers to Regulation 4(2)(q) of PFUTP Regulations *albeit* unamended. The Noticees have referred to 4(2)(q), as amended, which was applicable at the relevant time. Regulation 4(2)(q) gives a fair idea of the meaning of front running. Noticee no. 1 filed his reply dated December 18, 20221 to the allegation made in the SCN dated November 29, 2021 and made submissions before me in the personal hearing dated March 14, 2022 without raising this contention.

c. A perusal of Regulation 4(1) and Regulation 4(2) of the PFUTP Regulations, 2003 shows that fraudulent, manipulative or unfair trade practices have been prohibited under Regulation 4(1) of the PFUTP Regulations, 2003 and Regulation 4(2) provides few illustrations of such practices. However, the practices listed under 4(2) cannot be termed as exhaustive list of such practices. An explanation to that effect was also included under the PFUTP Regulations, 2003 w.e.f. September 06, 2013. I also note that Regulation 4(2)(q) of PFUTP Regulations, 2003 was amended on February 01, 2019. Prior to amendment, it provided

"an intermediary buying or selling securities in advance of a substantial client order or whereby a futures or option position is taken about an impending transaction in the same or related futures or options contract;"

Post amendment, the said regulation provides as follows:

“any order in securities placed by a person, while directly or indirectly in possession of information that is not publically available, regarding a substantial impending transaction in that securities, its underlying securities or its derivative;”

Therefore, it is noted that Regulation 4(2)(q) of the PFUTP Regulations, 2003 has been amended to explicitly provide for inclusion of any order in securities by a person, whether intermediary or not, while in possession of non-public information regarding substantial impending transaction in that securities. Such an interpretation was taken by Hon'ble Supreme Court in SEBI vs. Kanaiyalal Baldevbhai Patel (supra) even prior to the amendment. In view of the above discussion and coupled with the fact that Noticee no. 1 has been associated with securities market for at least a decade and was working as a dealer of Quest, a registered Portfolio Manager, he cannot be said to be unaware of the meaning of front running.

d. Noticee no. 1 has contended that the charges against the Noticee are not complete as the same are not supported with documents, data or information quantifying the loss and damage to the market or the unlawful gains made by the Noticee. In this regard I note that this contention of Noticee no. 1 is factually incorrect as the SCN has quantified the amount of gains made/loss avoided by the Noticees. I note that the following documents have been provided to the Noticees as annexure to SCN:

Annexure	Particulars
Annexure 1	Copy of statement recording of Ketan Bhupendra Parekh
Annexure 2	Copy of statement recording of Bhupendra Jasvantrai Parekh
Annexure 3	Trading details (buy/sell) of Noticee no. 2 on common trading days with Quest
Annexure 4	Copy of statement recording of Piyush Karia
Annexure 5	Copy of statement recording of Jasmine Piyush Karia

I also note that as alleged in the SCN, Noticee no. 1 traded through the trading account of Noticee no. 2. Annexure 3 of the SCN provides the details of the trades made in the trading account of Noticee no. 2 which have allegedly front run the trades of Quest. Further, the quantum of the alleged gains made/loss avoided by the Noticees i.e. Rs. 22,88,126 has been provided in Annexure 3. I also note that in his reply dated December 18, 2021, Noticee no. 1 has also referred to the said amount of Rs. 22,88,126 as mentioned in the SCN while

disputing the profit alleged to have been made by him. In his submissions dated June 29, 2022 also Noticee no. 1 has referred to the said amount of Rs. 22,88,126 being the alleged amount of gains made/loss avoided by the Noticees. Therefore, I find that the contention of Noticee no. 1 is not tenable. I also note that while Noticee no. 1 has retracted his statement made before the Investigating Authority and his reply in these proceedings, no such retraction has been made by Noticee no. 2. I note that Noticee no. 2 in his statement before the Investigating Authority and in his reply dated December 18, 2021 had corroborated the earlier statement of Noticee no. 1 and accepted the allegations made in the SCN. In view of the above, I find that the reasons cited by Noticee no. 1 in his submissions dated June 29, 2022, for retracting his earlier averments made before the Investigating Authority and also in these proceedings through his reply and during personal hearing, are unfounded. Considering all of the above, the submissions made by Noticee no. 1 in his letter dated June 29, 2021, which are at variance with his earlier statements made before the Investigating Authority dated September 14, 2021, his reply dated December 18, 2021 and his submissions during the personal hearing on March 14, 2022, are liable to be rejected and the matter ought to be adjudged while ignoring the submissions made by Noticee no. 1 in his written submissions dated June 29, 2022.

17. However, without prejudice to the above paragraph, the contentions raised by Noticee no. 1 in his written submissions dated June 29, 2022, have also been considered and examined in the following paragraphs. In this regard, I must reiterate that no such contentions were raised in the replies filed by the Noticees, and during the personal hearing before me.

a. Noticee no. 1 has contended that he has been employed with Quest for the last 10 years and has been charged for such violation for the first time. In his regard, I note that this factor is not relevant in determining that the Noticee has violated the provisions of law as alleged in the SCN. However, this factor

will be taken into consideration while deciding the directions that may be issued in the matter.

b. Noticee no. 1 has contended that as a dealer working with quest he had no say in choosing the scrips as the buy/sale decisions were made by the fund managers. In this regard, I note that the allegation in the SCN against Noticee no. 1, *inter alia*, is that he had information regarding the impending trades of Quest. Whether he had the authority to take trading decisions on behalf of Quest or not, is immaterial to these proceedings. What is of material is whether he had the information regarding impending orders of Quest and as discussed in the subsequent paragraphs, it has been found that Noticee no. 1 was aware about the impending substantial orders of Quest in his capacity as the dealer of Quest. I further note that Noticee no. 1 was not required to trade in the account of Noticee no. 2 on the basis of such information about substantial orders of Quest, which has been alleged in the SCN. Therefore, the contention made by Noticee no. 1 in this regard is untenable.

c. While giving a reference to Regulation 4(2)(q) of PFUTP Regulations, 2003, Noticee no. 1 has contended that what constitutes 'substantial transaction' has not been defined by SEBI. As per the Noticee, the transaction volume in the present case is not substantial as a percentage of total market volume in the respective scrips. In this regard, I note that there cannot be a single test to determine 'substantial' order. A substantial order is one which in the estimation of a reasonable person, would impact the price of the securities concerned on being placed in the order book of the stock exchange. When it is only the estimation of reasonable person then even the assessment of actual impact of such substantial order is not necessary to determine the substance of the order. I note that Noticee no. 1 was one of the two dealers who were working for Quest. As per the disclosure documents published by Quest on its website, as on March 31, 2020, Quest had a client base of 1316 clients of which only one was advisory based and rest were discretionary, i.e. Quest used to manage their portfolio. As on March 31, 2020, Quest was managing Rs. 1,330

crores of clients' funds. Management of clients' portfolio required Quest to make buy/sell decisions on behalf of the clients. As per the submissions made by Noticee no. 1 himself, the volume of trades of Quest in the investigation period was more than Rs. 2,000 crores. Noticee no. 1 being a dealer working for Quest for more than a decade, was suitably placed to make the assessment of the operations of Quest and the size of its orders. Noticee no. 1 being one of the dealer of the Quest was aware of the fact that the buy/sell orders placed by Quest used to be of substantial quantity. Based on such assessment, Noticee no. 1 decided to trade in, *inter alia*, the same securities as Quest through the trading account of Noticee no. 2. Therefore, the contention of the Noticee that orders of Quest in the present case were not substantial or have not been so assessed in the SCN, is untenable.

d. Noticee no. 1 has contended that the number of orders from Quest were in a number of scrips whereas Noticee no. 2 trade in only a few scrips, the trades from Quest were delivery based while Noticee no. 2 traded intra-day, the volume of Quest trades was in the range of Rs. 2000 crores while volume of Noticee no. 2 was around Rs. 75 crores and Noticee no. 2 has not traded on all days/scrips on which Quest traded and therefore matching of some or even 100% of volume of Noticee no. 2 with Quest cannot be per se treated as objectionable and liable for disgorgement. In this regard, I note that the allegation against Noticee no. 1 is of violation of Regulation 4(2)(q) of the PFUTP Regulations, 2003, which declares placing of order by a person in securities while directly or indirectly in possession of information that is not publicly available regarding substantial impending transactions in that securities, as manipulative, fraudulent or unfair trade practice. Thus, placing order in a single scrip or multiple scrips while in possession of any non-public information about an impending substantial order in such single scrip or multiple scrips, is in violation of Regulation 4(2)(q) of PFUTP Regulations, 2003. Therefore, the contention of Noticee no. 1 that he traded only few of the scrips whereas Quest's substantial orders were placed in a number of scrips is untenable. Also, the assertion that the trades of Quest were delivery based

whereas Noticee no. 1 used to trade intraday does not make the acts of Noticee no. 1 in consonance with Regulation 4(2)(q) of PFUTP Regulations, 2003. In terms of Regulation 4(2)(q) of PFUTP Regulations, 2003 mere placing of order is sufficient irrespective of squaring off of transactions or delivery based transactions to attract the vices of Regulation 4(2)(q) of PFUTP Regulations, 2003. Similarly, the rigours of Regulation 4(2)(q) of PFUTP Regulations, 2003 stand attracted irrespective of the fact that second leg of front runner's transaction, i.e. sell order in Buy-Buy-Sell pattern and buy order in Sell-Sell-Buy, did not match with the substantial order of the Big Client.

e. Regarding the contention of Noticee no. 1 to the effect that he used to trade in multiple scrips and not only in the scrips where Quest also used to place substantial orders and therefore, no adverse inference should be drawn on the basis of his trade in the scrips which were common with Quest, I note that the allegation made in the SCN is that the trading pattern of Noticee no. 2 shows that the pattern of front running was Buy-Buy-Sell and Sell-Sell-Buy w.r.t. the trades made by Quest. I note that out of the gross trade value of Rs. 7,436.51 lacs by Noticee no. 2 during the investigation period, the traded value of scrip days common with Quest was Rs. 7,214.74 lacs (97.02 % of total traded value) and the traded value on other days was only Rs. 221.77 lacs (2.98 % of total traded value). Further, out of total profit of Rs. 24.40 lacs made by Noticee no. 2 in 220 scrip days, the profit earned in 194 scrip days which were common with Quest was Rs. 24.00 lacs (98.4% of total profit) and the profit earned in other 26 scrip days not common with Quest was only Rs. 0.39 lacs (1.6% of total profit). Therefore, the volume traded and the profit made during the investigation period in the trading account of Noticee no. 2 was heavily skewed in favour of scrip days common with Quest. Furthermore, if the trades of Noticee no. 1 have been found to be in violation of Regulation 4(2)(q) of PFUTP Regulations, 2003, then the fact that Noticee no. 1 had traded in other scrips where Quest did not trade at all does not give rise to an inference that Noticee no. 1 had not acted in violation of Regulation 4(2)(q) of

PFUTP Regulations, 2003, in respect of trades of Quest. Therefore, the contention made by Noticee no. 1 is untenable.

f. Noticee no. 1 has contended that on several occasions Noticee no. 2's 100 percent quantity has not matched with Quest and therefore the disgorgement amount should be lowered by Rs. 3,69,120.96. In this regard, I note that in terms of Regulation 4(2)(q) of PFUTP Regulations, 2003 mere placing of order when in possession of non-public information regarding impending substantial order in such securities, is sufficient irrespective of any matching of trades between the front runner and Big Client to attract the vices of Regulation 4(2)(q) of PFUTP Regulations, 2003. Further, I note that in front running, a front runner trades ahead (first leg) of the substantial buy/sell order as he has non-public information about the substantial buy/sell order and thereafter reverses his position (second leg) to reap the benefit due to movement in the price of the securities due to substantial buy/sell order. This benefit of movement in price accrues to the front runner due to matching of his second leg orders, either with the substantial order or with other orders available in the system from other buyer/sellers, at such moved price. In both cases of matching, gains made by the front runner, are wrongful and are thus, liable to be disgorged. Therefore, the contention made by Noticee no. 1 in this regard is untenable.

g. Noticee no. 1 has contended that information about forthcoming buy/sell orders of scrips in/of a private limited company such as Quest do not come within the sweep of definition of front running. In this regard, I note that the in terms of Regulation 4(2)(q) of PFUTP Regulations, 2003 status of the person (listed of unlisted) placing substantial orders is not material. However, the substantial order must be in the securities which are listed. In the present case, the allegation against Noticee no. 1 is that he placed orders in securities which are listed on stock exchanges based on non-public information regarding substantial impending orders in such securities. Therefore, the contention made by the Noticee in this regard is untenable.

h. Noticee no. 1 has contended that since Quest pre-decided the price range for its orders and such orders were executed within that range there was no loss to Quest or its investors and therefore there was no fraud on Quest or investors or securities market. In this regard I note that Regulation 3 of PFUTP Regulations, 2003 prohibits certain fraudulent dealings in securities. Without prejudice to the provisions of Regulation 3, Regulation 4(1) prohibits manipulative, fraudulent or unfair trade practice in securities market. Regulation 4(2) enumerates the instances wherein dealing in securities shall be deemed to be a manipulative, fraudulent or unfair trade practice. Regulation 4(2)(q) enlists one such instance, i.e. any order in securities placed by a person, while directly or indirectly in possession of information that is not publically available, regarding a substantial impending transaction in that securities, its underlying securities or its derivative. Thus, any dealing in securities falling under Regulation 4(2)(q) of PFUTP Regulations, 2003, which is the case here, is *per se* manipulative, fraudulent or unfair trade practice. Once an act has been found to be manipulative, fraudulent or unfair trade practice within the meaning of PFUTP Regulations, 2003 then identification of victims or the persons who may have suffered losses due to such acts, is not necessary. The acts prohibited under Regulation 4(2)(q) of PFUTP Regulations, 2003 are *qua* the securities market at large. Therefore, the contention of Noticee no. 1 in this regard is untenable.

i. Noticee no. 1 has contended that there is no allegation of fraud in the SCN and relied on the judgement of Hon'ble Supreme Court in the matter of Balram Garg vs. SEBI (supra) to contend that there is not enough material to ascertain fraud. In this regard I note that the allegation in the SCN is that the Noticees front run the trades of Quest and thus violated Sections 12A(a), (b), (c) of SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) of PFUTP Regulations, 2003. These provisions of SEBI Act, 1992 and PFUTP Regulations, 2003, *inter alia*, deals with prohibition of manipulative and deceptive devices and prohibition of manipulative, fraudulent and unfair trade

practices. Therefore, the contention of Noticee no. 1 that there is no allegation of fraud, is not correct. Further the contention of Noticee no. 1 that SCN has simpliciter made allegations which are not enough to ascertain fraud and for which Noticee no. 1 has relied on the observation made by Hon'ble Supreme Court in the matter of Balram Garg vs. SEBI (supra), I note that the allegation in the SCN is of front running of trades of Quest by the Noticees. In this regard the necessary facts to demonstrate front running, like trading by Quest, trading ahead by the Noticees, squaring off of trades by the Noticees, timing of the trades, trade price, profits made, all have been provided. Therefore, the contention of the Noticee that there is not enough material to ascertain fraud is not tenable. Coming to the reliance placed by the Noticee on the Judgement of Hon'ble Supreme Court in the matter of Balram Garg vs. SEBI (supra), the Noticee has relied on the following observation

> *"……Reliance placed on the case of Kishore R. Ajmera (supra) to show that presumption can be drawn on the basis of immediate and relevant facts is contrary to law already settled by this Court in the case of Chintalapati Srinivasa Raju (supra) where it is held that "a reasonable expectation to be in the know of things can only be based on reasonable inference drawn from foundational facts". It has further been held that merely because a person was related to the connected person cannot by itself be a foundational fact to draw an inference.*

I note that this observation was made by Hon'ble Supreme Court in a case pertaining to insider trading while dealing with the contention of SEBI that in the absence of direct proof of possession of Unpublished Price Sensitive Information ("UPSI"), the possession of UPSI can be inferred from attending facts and circumstances of the case as held by Hon'ble Supreme Court in the matter of SEBI v. Kishore R. Ajmera (2016) 6 SCC 368. However, Hon'ble Supreme Court in Balram Garg case, in the aforesaid observation, has referred to another decision of the Hon'ble Supreme Court in Chintalapati Srinivasa Raju vs SEBI (2018) 7 SCC 443 (particularly in view of the fact that both Balram Garg case and Chintalapati Srinivasa Raju case pertain to insider trading whereas Kishore Ajmera case pertain to PFUTP Regulations, 2003)

observed that in the case of insider trading reasonable expectation to be in the know of things should be drawn from the foundational facts. Even this observation by the Hon'ble Supreme Court in Balram Garg case does not differ regarding the type of proof (direct or circumstantial) which is required to prove a particular fact, be it foundational fact as in the case of Chintalapati Srinivasa Raju matter or fact pertaining to fraudulent act as in the case of Kishore Ajmera case. In the present case, as discussed above, there is enough direct and circumstantial evidence to prove fraudulent act of the Noticees. Therefore, the reliance placed on Balram Garg case is of no avail to the Noticee.

j. Noticee no. 1 has contended that since the sub-brokerage account of Ms. Jasmine Karia was being operated by Shri Piyush Karia, which is against their code of conduct, their statements are not credit worthy. In this regard, from the statements made by Ms Jasmine Karia and Shri Piyush Karia before the Investigating Authority, I note that the statements have been made in consonance with the statements made by Noticee no. 1 and Noticee no. 2, which Noticee no. 1 has now tried to retract. From the perusal of the statements made by Ms Jasmine Karia and Shri Piyush Karia, I note that no new information has been provided by them and they have merely corroborated the statements made by the Noticees. I note that the statements given by Ms Jasmine Karia and Shri Piyush Karia are substantially corroborated in material particulars with the independent evidence like details of trading by Quest, trading by the Noticees, timing of the trades, trade price etc. Therefore, the contention made by Noticee no. 1 in this regard is untenable.

k. Noticee no. 1 has contended that the allegation made in the SCN is vague and therefore, the allegation cannot be sustained. In this regard I note that the allegation made in the SCN is that Noticee no. 1 was a dealer working for Quest and therefore, used to have prior information regarding the impending trades of Quest. Noticee no. 1 used to share such non-public information with Shri Piyush Karia and instruct him to place orders in the same scrips as were

to be bought and sold by Quest, through the trading account of Noticee no. 2 and subsequently, reverse those trades in order to derive benefit. Therefore, the SCN alleges, the Noticees front run the trades of Quest which resulted in wrongful gain/loss averted of Rs. 22,88,126/- for Noticee no. 2, thereby violating the provisions of Sections 12A (a), (b) and (c) of SEBI Act, 1992 and Regulations 3(a), 3(b), 3(c), 3(d) and 4(1) and 4(2)(q) of PFUTP Regulations, 2003. Therefore, I find that the allegations in the SCN are specific and not vague. In view of the above, I find that the contention made by Noticee no. 1 is factually incorrect and therefore, untenable.

l. Noticee no. 1 has contended that the SCN has not shown how the information was communicated by the Noticee. In this regard, I note that the mode through which instructions to broker were communicated by the front runner, is not an essential ingredient under Regulation 4(2)(q) of PFUTP Regulations, 2003. The SCN with supporting evidence shows that Noticee no. 1 had placed orders in the trading account of Noticee no. 2 in advance of the substantial impending order of Quest. The Noticees, in their respective replies, have also accepted that Noticee no. 1 was authorised to place orders in the trading account of Noticee no. 2. It is also not disputed that Noticee no. 2 had a trading account with Stock-broker - Magnum Equity, through its sub-broker Ms. Jasmine Karia. The activities pertaining to sub-broker membership of Ms. Jasmine Karia were being handled by her husband Shri Piyush Karia. Noticee no. 1 in his statement dated September 14, 2021 before the Investigating Authority, had accepted that for trading he used to send WhatsApp messages to Shri Piyush Karia and later used to delete those messages. The same was also corroborated by Shri Piyush Karia in his statement dated September 14, 2021 before the Investigating Authority. Shri Piyush Karia also stated that he also used to delete the WhatsApp messages received from Noticee no. 1. Even though Noticee no. 1 has subsequently stated that his confession before the Investigating Authority was based on ‘cryptic information’ provided by SEBI officials and he did not know the meaning of front running, however I note that existence of WhatsApp messages between Noticee no. 1 and Shri

Piyush Karia is a factual information which was especially within the knowledge of Noticee no. 1 and was not susceptible to any purported cryptic interpretation by SEBI officials. Further, from the statement made by the Noticee and Shri Piyush Karia, I note that during questioning, SEBI officials did not mention any WhatsApp messages between Noticee no. 1 and Shri Piyush Karia. Noticee no. 1 and Shri Piyush Karia had, themselves mentioned that the trades were communicated through WhatsApp messages between them which they used to delete later. In view of the above, I find that orders were placed by Noticee no. 1 in the account of Noticee no. 2. Further, in the present proceedings the allegation made in the SCN is that Noticee no. 1 used to have prior information regarding substantial impending orders of Quest and used such information to trade in the trading account of Noticee no. 2. As alleged in the SCN and accepted by both the Noticees, Noticee no. 1 had been authorised by Noticee no. 2 to trade in Noticee no. 2's account. Therefore, the trades in the trading account of Noticee no. 2 could not have been undertaken by anyone but Noticee no. 1. In view of the above, the contention made by Noticee no. 1 is untenable.

m. Noticee no. 1 has contended that the requirement of 'intention' is a pre-requisite to prove fraud for violation of PFUTP Regulations, 2003. In this regard, I note that Hon'ble Supreme Court in SEBI vs. Kanaiyalal Baldevbhai Patel (supra), while dealing with a case of front running, observed as under:

Per Justice Ranjan Gogoi:

> *"5. If Regulation 2(c) of the 2003 was to be dissected and analyzed it is clear that any act, expression, omission or concealment committed, whether in a deceitful manner or not, by any person while dealing in securities to induce another person to deal in securities would amount to a fraudulent act. The emphasis in the definition in Regulation 2(c) of the 2003 Regulations is not, therefore, of whether the act, expression, omission or concealment has been committed in a deceitful manner but whether such act, expression, omission or concealment has/had the effect of inducing another person to deal in securities.*

6. The definition of 'fraud', which is an inclusive definition and, therefore, has to be understood to be broad and expansive, contemplates even an action or omission, as may be committed, even without any deceit if such act or omission has the effect of inducing another person to deal in securities. Certainly, the definition expands beyond what can be normally understood to be a 'fraudulent act' or a conduct amounting to 'fraud'. The emphasis is on the act of inducement and the scrutiny must, therefore, be on the meaning that must be attributed to the word "induce".

……..

8. A person can be said to have induced another person to act in a particular way or not to act in a particular way if on the basis of facts and statements made by the first person the second person commits an act or omits to perform any particular act. The test to determine whether the second person had been induced to act in the manner he did or not to act in the manner that he proposed, is whether but for the representation of the facts made by the first person, the latter would not have acted in the manner he did. This is also how the word inducement is understood in criminal law. The difference between inducement in criminal law and the wider meaning thereof as in the present case, is that to make inducement an offence the intention behind the representation or misrepresentation of facts must be dishonest whereas in the latter category of cases like the present the element of dishonesty need not be present or proved and established to be present. In the latter category of cases, a mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient. No element of dishonesty or bad faith in the making of the inducement would be required."

n. As can be noted from the aforesaid observations, Hon'ble Supreme Court in the aforesaid judgment held that dishonest intention is not required and only inducement to deal in securities is sufficient to constitute fraud under PFUTP Regulations, 2003.

o. Noticee no. 1 has contended that the standard of proof for a charge of fraud to be established must be sufficient to overcome the ordinary presumption of honesty and good faith, which has not been done in this case. In this regard, I note that as held by Hon'ble Supreme Court in the SEBI & Ors. vs. Kanaiyalal Baldevbhai Patel and Ors. (*supra*), the correct test in the order to attract the

rigours of Regulations 3 and 4 of PFUTP Regulations, 2003 is of preponderance of probabilities. In the present case, as demonstrated in the subsequent paras of this order, violation of the provisions of PFUTP Regulations, 2003 by the Noticees has been proved on higher preponderance of probabilities and therefore, the contention of the Noticee in this regard is untenable. Further, in respect of contention regarding presumption of honesty and good faith claimed by the Noticees, I note that conduct of the Noticee no. 1 dispels any presumption of honesty and good faith, as claimed. As admitted by Noticee no. 1 and Shri Piyush Karia in their respective statements dated September 14, 2021, the trade information was shared between the two through WhatsApp messages which the two used to delete later. This was done in order to hide any evidence trail. Further, Noticee no. 1 has tried to wriggle out of the whole matter by retracting the earlier statement made under oath before the investigating authority. Thus, though it is not necessary in law to draw any presumption of innocence, however, on examination of the peculiar facts and circumstances of the case, such presumption is not established or called for.

18. Coming to the merits of the present case, the first question to be determined is whether Noticee no. 1 was privy to non-public information regarding substantial impending transactions in securities. I note that Quest is a SEBI registered Portfolio Manager providing Portfolio Management Services to its clients. I note that Noticee no. 1 was one of the two dealers who were working for Quest. As per the disclosure documents published by Quest on its website, as on March 31, 2020, Quest had a client base of 1316 clients of which only one was advisory based and rest were discretionary, i.e. Quest used to manage their portfolio. As on March 31, 2020, Quest was managing Rs. 1,330 crores of clients' funds. Management of clients' portfolio required Quest to make buy/sell decisions on behalf of the clients. As per the submissions made by Noticee no. 1 himself, the volume of trades of Quest in the investigation period was more than Rs. 2,000 crores. The services offered by Quest to its clients required the fund manager(s) who managed clients' money to place orders to buy/sell shares, whenever required. The fund manager(s) used to

convey the buy/sell instructions to Quest's dealers including Noticee no. 1, who in turn conveyed these order to the brokers for execution. In this regard, I note that even though Noticee no. 1, being a dealer, was not making the investment decisions for Quest or its clients, he used to receive buy/sell instructions from the fund managers for onward transmission to the brokers for execution of such instructions. Such information regarding impending orders of Quest was known, *inter alia*, to the fund manager, the dealer and the brokers of Quest and was not known to the public. Noticee no. 1 being a dealer working for Quest for more than a decade, was suitably placed to make the assessment of the operations of Quest and the size of its orders. Noticee no. 1 being one of the dealer of the Quest was aware of the fact that the buy/sell orders placed by Quest used to be of substantial quantity. The facts of the present case reveals that Noticee no. 1 placed orders, *inter alia*, in the same securities as Quest through the trading account of Noticee no. 2. All these facts when taken together gives rise to an inference on higher preponderance of probabilities that Noticee no. 1, being the dealer, was privy to non-public information regarding substantial buy/sale orders of shares being placed on behalf of Quest.

19. The next question to be determined is whether Noticee no. 1, being privy to the non-public information of the substantial impending orders of Quest, traded in the same securities. I note that the SCN alleges that the trades executed from the trading account of Noticee no. 2, who is the father of Noticee no. 1, had front run the trades of Quest during the investigation period. The SCN has alleged that in 81 instances when a bulk buy order was about to come from Quest, buy orders were placed from the trading account of Noticee no. 2, just prior to the buy order of Quest and sell orders were placed just before or after Quest's order in order to square off his position to earn profits and in all 81 instances total buy and sale quantity of the trades of Noticee 2 was same, i.e. all positions were squared off to earn profits. In 94 instances, when a bulk sell order was about to come from Quest, sell orders were placed from the trading account of Noticee no. 2, just prior to the sell order of Quest and buy orders were placed just before or after Quest's order in order to square off his position to earn profits. It was observed that in all 94 instances, buy

and sale quantity of all the trades of Noticee no. 2 were same i.e. all positions were squared off to earn profits. The front running by Noticee no. 2, as alleged in the SCN, can be explained through the illustrations given below which have been taken from the trading details annexed to the SCN. An illustration of trading pattern Buy-Buy-Sell is as follows:

Illustration of Buy-Buy-Sell

Scrip of Ramco Cements Limited. (RAMCOCEM): On May 20, 2020, buy orders were placed from the trading account of Noticee no. 2 for 3,980 shares between 10:35:02 am and 10:35:12 am. The buy start price was Rs. 552 and end buy price was Rs. 553. Quest placed buy orders for 44,839 shares between 10:37:39 am and 10:38:58 am. The buy start price was Rs. 556 and end buy price was Rs. 560. As soon as Quest started buying, sell orders were put for 3,980 shares at 10:38:30 am from the trading account of Noticee 2. The sell price was Rs. 559.70. The entire trade had a positive square off difference of Rs. 28,553.25.

From the above illustration, I note that the intra-day trading activity undertaken from the trading account of Noticee no. 2 vis-à-vis the orders of Quest, was designed to follow a Buy-Buy-Sell pattern of front running. In other words, the buy order for the first leg of the intra-day trade (the alleged front running leg) gets placed from the trading account of Noticee No. 2 just prior to the impending buy orders (placed in multiple tranches) of Quest and the second leg of the intra-day trade (squaring off of trade) is set in motion by placing the sell order post the initial tranche of the buy order of Quest.

Another illustration showing the trading pattern Sell-Sell-Buy is as follows:

Illustration of Sell-Sell-Buy

Scrip of Sterling and Wilson Renewable Energy Ltd. (SWSOLAR): On February 19, 2020, sell orders were placed from the trading account of Noticee 2 for 11,488 shares between 15:04:45 pm and 15:05:13 pm. The sell start price was Rs. 240.00 and sell end price was Rs. 242.70. The sell order for 58,956 shares was placed by Quest between 15:07:03 pm and 15:29:54 pm. The sell start price was Rs. 235.00 and sell end price was Rs. 238.65. As soon as Quest started selling, buy

orders were placed for 11,488 shares between 15:11:22 pm and 15:12:04 pm from the trading account of Noticee 2. The buy price was Rs. 235.00. The entire trade had a positive square off difference of Rs. 66,685.65.

From the above illustration, I note that the intra-day trading activity undertaken from the trading account of Noticee no. 2 vis-à-vis the orders of Quest, was designed to follow a Sell-Sell-Buy pattern of front running. In other words, the sell order for the first leg of the intra-day trade (the alleged front running leg) gets placed from the trading account of Noticee No. 2 just prior to the impending sell orders (placed in multiple tranches) of Quest and the second leg of the intra-day trade (squaring off of trade) is set in motion by placing the buy order post the initial tranche of the sell order of Quest.

20. A summary of the alleged front run trades by Noticees in terms of timing of order placement vis-à-vis Quest's order placement, as per the trading account details of Noticee No. 2, as alleged in the SCN, is as follows:

Table 6

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2		Quest		Noticee no. 2	
				Buy Start	Buy End	Buy Start	Buy End	Sell Start	Sell End
1	24/04/2019	MAHINDCIE	BBS	09:26:03	13:02:54	10:05:22	14:45:13	09:39:32	12:13:22
2	25/04/2019	MAHINDCIE	BBS	09:28:04	13:31:50	09:23:00	14:54:45	10:37:52	13:32:28
3	26/04/2019	MAHINDCIE	BBS	09:17:38	11:23:36	09:33:38	15:09:01	11:21:13	13:17:42
4	30/04/2019	MAHINDCIE	BBS	09:36:00	10:35:25	09:39:48	15:26:19	10:52:16	11:07:39
5	02/05/2019	MAHINDCIE	BBS	10:58:11	12:05:43	09:33:14	14:59:05	11:57:34	11:57:34
6	03/05/2019	MAHINDCIE	BBS	09:24:40	09:42:31	09:18:06	15:25:24	09:53:08	09:53:08
7	06/05/2019	MAHINDCIE	BBS	09:33:04	09:45:43	09:20:31	15:27:39	09:49:22	09:49:22
8	09/05/2019	MAHINDCIE	BBS	10:47:25	11:39:40	09:22:55	12:52:38	11:40:17	11:40:17
9	10/05/2019	MAHINDCIE	BBS	09:30:19	13:34:15	09:26:23	13:37:31	10:17:51	13:34:41
10	13/05/2019	MAHINDCIE	BBS	09:45:43	10:40:33	10:27:32	15:21:05	10:15:31	10:39:55
11	14/05/2019	MAHINDCIE	BBS	09:56:24	11:54:45	09:28:25	12:14:28	11:55:30	11:55:30

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2		Quest		Noticee no. 2	
				Buy Start	Buy End	Buy Start	Buy End	Sell Start	Sell End
12	21/05/2019	BHARATFORG	BBS	11:51:18	11:51:45	09:24:54	12:04:53	11:52:50	11:52:50
13	22/05/2019	BHARATFORG	BBS	13:51:45	13:52:34	10:53:35	15:18:26	13:57:51	13:57:51
14	23/05/2019	BHARATFORG	BBS	14:54:05	14:55:36	13:58:38	15:27:11	15:10:27	15:15:22
15	27/05/2019	CIPLA	BBS	09:41:51	10:19:02	09:20:54	15:11:54	09:48:34	10:21:51
16	17/06/2019	DIVISLAB	BBS	11:15:30	11:15:30	09:15:54	12:16:16	11:24:25	11:24:25
17	18/06/2019	DIVISLAB	BBS	12:40:02	12:41:06	09:38:44	14:42:17	12:43:40	12:44:19
18	19/06/2019	DIVISLAB	BBS	11:20:32	11:23:25	10:47:12	13:26:40	11:33:04	11:33:16
19	24/06/2019	MAHINDCIE	BBS	09:52:25	09:56:03	09:23:59	15:17:27	10:07:11	10:07:11
20	25/06/2019	DIVISLAB	BBS	13:15:26	13:39:37	12:42:39	13:53:26	13:39:29	13:40:49
21	23/09/2019	MAHINDCIE	BBS	09:51:00	10:13:22	09:56:27	11:23:30	10:13:43	10:13:43
22	23/09/2019	MARICO	BBS	10:52:33	11:37:22	10:51:23	13:53:48	10:53:52	11:44:50
23	24/09/2019	MARICO	BBS	10:00:04	10:00:04	10:03:32	10:05:48	10:02:19	10:02:19
24	16/10/2019	TATAELXSI	BBS	09:54:59	09:54:59	09:59:57	10:01:16	09:57:41	09:57:41
25	17/10/2019	INFY	BBS	13:50:34	13:50:34	13:54:44	13:57:22	13:56:23	13:56:53
26	22/10/2019	TATAELXSI	BBS	12:39:43	12:39:43	09:53:16	12:43:42	12:42:06	12:42:06
27	23/10/2019	TATAELXSI	BBS	12:25:54	12:25:54	12:13:36	15:11:55	12:26:46	12:26:46
28	29/10/2019	BANDHANBNK	BBS	13:02:34	13:12:57	12:35:40	14:37:55	13:04:07	13:11:49
29	30/10/2019	BANDHANBNK	BBS	09:32:51	09:32:51	09:18:26	10:02:09	09:33:24	09:33:24
30	01/11/2019	FEDERALBNK	BBS	09:27:41	09:27:41	09:19:19	09:51:43	09:30:01	09:30:21
31	25/11/2019	SWSOLAR	BBS	09:47:04	10:52:19	09:15:23	13:11:25	09:50:00	10:53:57
32	09/01/2020	SWSOLAR	BBS	12:24:59	12:25:45	12:26:47	14:46:12	12:27:13	12:37:52
33	14/01/2020	SWSOLAR	BBS	10:13:25	11:05:12	10:10:39	15:17:54	11:12:32	11:12:32
34	28/01/2020	JBCHEPHARM	BBS	14:48:17	14:48:17	14:49:30	14:54:40	14:51:31	14:51:31
35	31/01/2020	JBCHEPHARM	BBS	09:29:24	09:29:24	15:12:21	15:12:38	15:12:33	15:12:33
36	01/02/2020	JBCHEPHARM	BBS	15:13:57	15:14:05	09:38:09	15:17:30	15:14:53	15:14:53
37	03/02/2020	JBCHEPHARM	BBS	11:31:44	11:33:50	09:35:20	15:24:05	11:39:17	11:39:17
38	12/02/2020	ACC	BBS	11:28:45	11:29:23	11:27:05	11:54:48	11:31:18	11:31:18

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2		Quest		Noticee no. 2	
				Buy Start	Buy End	Buy Start	Buy End	Sell Start	Sell End
39	12/02/2020	PRINCEPIPE	BBS	12:12:21	13:39:35	12:03:32	15:24:08	12:31:13	13:44:14
40	14/02/2020	PEL	BBS	14:23:15	14:23:22	14:18:04	14:38:25	14:35:12	14:35:59
41	18/02/2020	BAJAJ-AUTO	BBS	11:26:49	11:26:49	11:29:17	13:43:48	11:27:22	11:27:22
42	18/02/2020	CRISIL	BBS	12:50:39	12:53:33	12:50:25	13:15:32	12:58:07	12:58:07
43	20/02/2020	BAJAJ-AUTO	BBS	09:27:00	14:23:49	09:26:36	15:24:44	09:28:09	14:30:57
44	24/02/2020	BIOCON	BBS	11:06:57	11:28:12	09:16:37	15:25:20	11:10:05	11:41:16
45	26/02/2020	CRISIL	BBS	11:13:48	11:13:48	11:23:42	12:26:40	11:17:57	11:17:57
46	26/02/2020	PRINCEPIPE	BBS	09:22:07	15:09:40	09:47:27	15:21:22	14:42:44	15:11:20
47	27/02/2020	CRISIL	BBS	09:19:53	09:20:18	10:03:52	10:35:57	09:33:04	09:33:04
48	27/02/2020	PRINCEPIPE	BBS	09:31:58	10:12:09	09:23:28	12:47:10	10:49:30	10:49:30
49	28/02/2020	BAJAJ-AUTO	BBS	12:19:22	12:51:43	11:48:21	14:43:32	12:28:01	12:54:53
50	31/03/2020	RAMCOCEM	BBS	09:37:05	09:47:52	10:01:07	10:09:01	09:58:35	09:58:35
51	08/04/2020	NOCIL	BBS	11:49:06	11:49:06	11:40:25	13:15:28	11:51:02	11:51:02
52	09/04/2020	NOCIL	BBS	11:52:45	11:52:45	11:43:16	12:26:46	11:58:01	11:58:01
53	15/04/2020	MOIL	BBS	09:33:06	10:31:15	09:29:04	12:03:14	09:57:27	10:43:43
54	04/05/2020	KANSAINER	BBS	11:22:15	11:22:15	11:22:49	15:23:26	11:26:07	11:26:07
55	04/05/2020	VTL	BBS	09:51:27	09:53:14	09:54:31	09:54:36	09:54:01	09:54:01
56	05/05/2020	KANSAINER	BBS	10:08:48	10:30:08	09:20:49	14:41:55	10:28:17	10:29:19
57	05/05/2020	RAMCOCEM	BBS	10:33:29	10:33:29	10:35:06	10:35:43	10:35:30	10:35:30
58	07/05/2020	KANSAINER	BBS	09:46:46	09:52:38	09:55:23	12:51:25	09:58:51	10:01:53
59	07/05/2020	MOIL	BBS	09:47:49	12:38:19	09:54:28	14:47:35	10:02:43	12:41:48
60	08/05/2020	SBILIFE	BBS	13:28:55	13:28:55	09:56:00	13:30:28	13:29:22	13:29:22
61	11/05/2020	COROMANDEL	BBS	09:22:37	09:22:37	09:28:46	14:55:47	09:30:54	09:30:54
62	11/05/2020	MHRIL	BBS	11:28:04	11:28:04	11:15:25	15:10:17	11:30:49	11:30:49
63	13/05/2020	RAMCOCEM	BBS	09:21:46	09:21:46	09:18:53	09:40:53	09:23:06	09:23:06
64	15/05/2020	MOIL	BBS	13:05:58	13:05:58	13:09:31	13:12:49	13:28:01	13:28:01
65	15/05/2020	RAMCOCEM	BBS	10:02:44	10:02:44	09:45:38	10:04:40	10:03:57	10:03:57

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2		Quest		Noticee no. 2	
				Buy Start	Buy End	Buy Start	Buy End	Sell Start	Sell End
66	20/05/2020	COROMANDEL	BBS	11:05:49	11:05:49	11:09:57	15:18:31	11:06:17	11:06:17
67	20/05/2020	METROPOLIS	BBS	10:48:30	10:50:56	10:52:53	10:54:12	10:53:40	10:53:40
68	20/05/2020	RAMCOCEM	BBS	10:35:02	10:35:02	10:37:39	10:38:58	10:37:52	10:37:52
69	29/05/2020	BAJAJFINSV	BBS	14:08:50	14:08:50	14:08:36	14:09:06	14:11:26	14:11:26
70	03/06/2020	HDFCLIFE	BBS	12:00:34	12:00:34	09:57:48	12:02:08	12:03:56	12:03:56
71	12/06/2020	ESCORTS	BBS	10:04:02	10:06:42	09:57:16	10:27:03	10:06:58	10:06:58
72	15/06/2020	M&MFIN	BBS	09:24:48	09:33:09	09:27:02	14:26:26	09:34:11	09:34:11
73	19/06/2020	BIRLACORPN	BBS	10:00:46	10:00:46	09:58:30	13:10:07	10:02:18	10:02:18
74	19/06/2020	LAURUSLABS	BBS	10:01:35	10:01:35	09:52:59	14:19:51	10:06:39	10:06:39
75	26/06/2020	SBIN	BBS	13:04:36	13:04:36	13:00:24	14:29:54	13:08:08	13:08:08
76	02/07/2020	BIRLACORPN	BBS	10:20:10	10:24:27	10:28:26	15:10:47	10:32:23	10:33:12
77	06/07/2020	HCLTECH	BBS	09:47:57	10:02:30	09:50:47	11:49:43	10:02:09	10:13:36
78	20/07/2020	TV18BRDCST	BBS	09:41:55	09:43:45	09:37:59	13:19:35	09:52:09	09:52:09
79	27/07/2020	TATACOMM	BBS	14:12:57	14:16:54	14:13:33	14:55:33	14:16:12	14:21:35
80	29/07/2020	SBIN	BBS	10:43:04	10:43:04	10:45:19	12:00:45	11:26:48	11:26:48
81	31/07/2020	SEQUENT	BBS	10:28:17	11:18:32	09:59:50	14:17:00	10:30:23	11:20:11

Trades which followed a Sell-Sell-Buy pattern are as follows:

Table 7

Sl no.	Trade Date	Symbol	Trade Pattern	Noticee no. 2		Quest		Noticee no. 2	
				Sell Start	Sell End	Sell Start	Sell End	Buy Start	Buy End
1	14/07/2019	TV18BRDCST	SSB	11:22:58	12:25:16	09:24:18	14:05:09	13:14:25	13:14:25
2	15/07/2019	TV18BRDCST	SSB	10:03:12	11:55:23	09:58:28	15:29:53	11:56:54	11:56:54
3	16/07/2019	VARROC	SSB	11:37:14	11:45:01	11:18:42	11:53:44	11:38:38	11:45:19
4	17/07/2019	SIMPLEXINF	SSB	09:18:45	14:51:45	10:33:57	14:55:41	09:37:44	14:52:43
5	18/07/2019	COROMANDEL	SSB	09:53:40	09:56:28	09:56:50	13:48:12	09:57:01	09:57:01
6	19/07/2019	KEC	SSB	12:28:41	12:28:41	12:29:23	12:29:23	12:30:53	12:30:53

Sl no.	Trade Date	Symbol	Trade Pattern	Noticee no. 2		Quest		Noticee no. 2	
				Sell Start	Sell End	Sell Start	Sell End	Buy Start	Buy End
7	20/07/2019	COROMANDEL	SSB	09:39:11	09:39:11	09:22:23	10:04:10	09:40:59	09:40:59
8	21/07/2019	KEC	SSB	12:36:31	12:53:57	09:25:50	15:29:25	12:43:47	12:43:47
9	22/07/2019	KEC	SSB	09:28:08	10:13:38	09:26:05	15:29:54	09:53:53	09:53:53
10	23/07/2019	SPENCERS	SSB	12:05:40	12:06:45	11:25:18	12:42:18	12:09:15	12:09:15
11	24/07/2019	MAHINDCIE	SSB	09:34:17	09:34:17	09:26:52	09:38:53	09:35:34	09:35:34
12	25/07/2019	GUJGASLTD	SSB	09:22:05	10:50:49	09:36:37	12:03:23	09:51:33	11:26:07
13	26/07/2019	GUJGASLTD	SSB	11:37:05	11:37:05	09:49:18	15:20:13	13:14:28	13:14:28
14	27/07/2019	GUJGASLTD	SSB	09:41:54	09:41:54	09:38:38	10:23:34	09:53:20	09:53:20
15	28/07/2019	GUJGASLTD	SSB	11:13:28	11:19:51	10:20:12	12:33:36	11:15:19	11:26:51
16	29/07/2019	KEC	SSB	09:35:04	09:57:43	10:17:17	14:05:19	10:34:04	11:00:40
17	30/07/2019	GUJGASLTD	SSB	10:35:55	10:36:54	10:33:51	15:17:47	10:36:45	10:36:45
18	31/07/2019	KEC	SSB	10:22:34	13:54:47	10:34:33	15:29:34	10:49:42	13:53:47
19	01/08/2019	PRAJIND	SSB	09:49:42	09:51:28	09:20:41	15:29:58	09:51:50	09:51:50
20	02/08/2019	BHARATFORG	SSB	09:31:35	09:31:35	09:20:45	09:43:59	09:33:12	09:33:12
21	03/08/2019	CONCOR	SSB	09:32:53	09:47:57	09:21:59	15:25:33	09:43:38	09:50:58
22	04/08/2019	KEC	SSB	12:57:27	13:12:05	12:47:40	14:07:07	12:59:38	12:59:38
23	05/08/2019	JMCPROJECT	SSB	10:09:59	10:30:14	09:48:21	15:03:14	11:06:13	11:06:13
24	06/08/2019	KEC	SSB	10:10:10	10:10:10	09:21:19	14:51:26	10:14:57	10:14:57
25	07/08/2019	KEC	SSB	12:08:57	14:35:35	09:19:32	15:28:58	12:26:41	14:36:59
26	08/08/2019	JMCPROJECT	SSB	09:34:12	11:19:16	09:23:36	14:04:55	09:51:05	11:28:29
27	09/08/2019	KEC	SSB	09:34:25	09:34:25	09:25:28	15:29:56	09:48:06	09:48:06
28	10/08/2019	KEC	SSB	09:31:12	14:53:38	09:19:33	15:23:53	09:38:07	14:57:53
29	11/08/2019	MAHINDCIE	SSB	12:43:08	12:43:20	12:37:16	14:11:22	12:45:17	12:45:17
30	12/08/2019	COROMANDEL	SSB	10:05:18	10:05:18	10:16:56	14:07:45	11:00:22	11:00:22
31	13/08/2019	COROMANDEL	SSB	10:01:28	10:01:28	10:20:30	15:26:48	10:55:48	10:55:48
32	14/08/2019	KEC	SSB	10:44:00	12:10:30	10:27:10	15:29:59	11:09:48	12:11:18
33	15/08/2019	KEC	SSB	11:44:44	11:57:42	09:53:15	15:28:02	11:46:51	11:58:18

Sl no.	Trade Date	Symbol	Trade Pattern	Noticee no. 2		Quest		Noticee no. 2	
				Sell Start	Sell End	Sell Start	Sell End	Buy Start	Buy End
34	16/08/2019	KEC	SSB	10:48:16	13:30:45	09:29:23	15:28:06	11:36:07	11:36:07
35	17/08/2019	M&M	SSB	11:21:54	11:21:54	09:45:46	11:25:10	11:31:18	11:31:18
36	18/08/2019	MAHINDCIE	SSB	14:24:13	14:30:27	14:20:38	15:23:41	14:30:50	14:30:50
37	19/08/2019	MAHINDCIE	SSB	09:50:25	11:00:18	09:24:59	15:18:38	10:51:14	11:03:11
38	20/08/2019	KEC	SSB	14:36:15	15:08:59	09:29:25	15:29:58	14:47:31	15:09:13
39	21/08/2019	JMCPROJECT	SSB	10:43:15	10:43:15	10:00:14	13:44:52	10:46:39	10:46:39
40	22/08/2019	MAHLOG	SSB	12:10:20	12:10:20	11:36:32	15:07:51	12:11:13	12:11:13
41	23/08/2019	JMCPROJECT	SSB	12:14:02	12:14:02	11:53:58	15:26:21	13:22:33	13:22:33
42	24/08/2019	JMCPROJECT	SSB	10:53:27	10:53:27	10:56:42	12:51:19	12:11:13	12:11:13
43	25/08/2019	JMCPROJECT	SSB	10:56:05	11:00:44	11:21:16	14:10:41	11:27:27	11:27:27
44	26/08/2019	JMCPROJECT	SSB	09:22:56	09:29:56	09:35:19	09:49:07	09:31:00	09:35:47
45	27/08/2019	JMCPROJECT	SSB	10:03:57	13:18:11	13:26:03	15:29:51	13:30:30	13:30:30
46	28/08/2019	MAHINDCIE	SSB	10:46:15	10:46:15	10:53:15	12:28:33	10:47:56	10:47:56
47	29/08/2019	JMCPROJECT	SSB	14:15:53	14:15:53	13:20:17	14:55:04	14:23:24	14:23:24
48	30/08/2019	JMCPROJECT	SSB	09:15:11	14:40:59	09:24:09	15:09:53	09:26:40	15:10:06
49	31/08/2019	LTTS	SSB	11:28:10	12:47:28	09:31:39	14:54:38	11:37:53	14:22:38
50	01/09/2019	BANDHANBNK	SSB	10:31:36	10:38:44	09:32:28	15:23:55	10:40:07	10:40:07
51	02/09/2019	LTTS	SSB	14:24:54	14:24:54	14:21:18	15:25:35	14:26:25	14:26:25
52	03/09/2019	LTTS	SSB	13:30:19	13:30:46	09:21:38	14:39:57	13:38:58	13:38:58
53	04/09/2019	MAHINDCIE	SSB	10:48:06	10:52:03	10:43:03	15:28:32	10:49:36	11:52:19
54	05/09/2019	LTTS	SSB	11:39:31	11:40:00	09:23:12	12:09:51	12:09:06	12:09:06
55	06/09/2019	MAHINDCIE	SSB	09:27:16	09:46:41	09:22:13	15:06:54	09:23:19	09:23:49
56	07/09/2019	JMCPROJECT	SSB	09:26:24	09:27:04	09:20:56	10:49:28	09:42:17	09:42:17
57	08/09/2019	SWSOLAR	SSB	09:48:29	14:39:24	09:36:00	15:18:20	09:47:18	14:48:40
58	09/09/2019	MAHINDCIE	SSB	14:40:58	15:11:28	10:02:03	14:59:09	14:45:15	15:14:16
59	10/09/2019	MAHINDCIE	SSB	09:20:35	09:20:35	09:48:04	15:13:01	15:12:21	15:12:21
60	11/09/2019	SWSOLAR	SSB	15:04:45	15:05:03	15:07:03	15:19:14	15:10:57	15:12:02

Sl no.	Trade Date	Symbol	Trade Pattern	Noticee no. 2		Quest		Noticee no. 2	
				Sell Start	Sell End	Sell Start	Sell End	Buy Start	Buy End
61	12/09/2019	MAHINDCIE	SSB	15:25:06	15:25:06	09:24:42	15:26:21	15:26:32	15:26:32
62	13/09/2019	CIPLA	SSB	10:15:13	10:16:00	10:22:07	15:24:02	10:32:58	10:32:58
63	14/09/2019	TECHM	SSB	09:15:01	09:15:01	09:24:20	15:03:01	09:18:20	09:47:45
64	15/09/2019	ITC	SSB	12:28:14	12:36:45	09:35:34	13:51:58	12:33:40	12:35:01
65	16/09/2019	MAHLOG	SSB	12:18:02	13:09:30	12:06:47	13:20:50	12:46:37	13:18:24
66	17/09/2019	FEDERALBNK	SSB	09:57:59	10:05:37	10:00:58	10:09:18	10:02:18	10:07:38
67	18/09/2019	MAHINDCIE	SSB	12:32:31	12:34:14	10:39:32	15:15:33	12:40:46	12:48:35
68	19/09/2019	JBCHEPHARM	SSB	10:23:50	10:23:50	09:43:08	13:05:25	10:28:12	10:28:12
69	20/09/2019	BAJAJ-AUTO	SSB	11:42:56	11:44:10	10:03:49	12:29:30	11:49:08	11:49:08
70	21/09/2019	DLF	SSB	10:12:55	10:12:55	10:05:11	11:59:41	10:14:10	10:14:10
71	22/09/2019	BHARTIARTL	SSB	13:25:05	13:25:05	09:55:19	13:27:19	13:26:11	13:26:11
72	23/09/2019	TRENT	SSB	10:00:36	10:01:00	10:04:51	10:06:37	10:05:03	10:05:03
73	24/09/2019	PRINCEPIPE	SSB	11:13:57	11:16:44	10:13:56	14:10:31	11:17:23	11:17:23
74	25/09/2019	SUNPHARMA	SSB	12:19:15	12:19:15	12:20:30	12:21:00	12:20:11	12:20:11
75	26/09/2019	NH	SSB	10:30:59	10:30:59	09:40:48	12:27:01	10:36:09	10:36:09
76	27/09/2019	PRINCEPIPE	SSB	10:44:09	10:44:09	10:30:03	15:21:18	10:45:09	10:45:09
77	28/09/2019	BPCL	SSB	10:53:54	10:54:58	10:55:49	10:56:58	10:56:12	10:56:12
78	29/09/2019	NH	SSB	10:30:38	10:30:38	10:31:49	10:42:03	10:32:53	10:32:53
79	30/09/2019	IPCALAB	SSB	12:44:32	12:44:32	12:47:16	12:48:13	12:46:45	12:46:45
80	01/10/2019	BAJAJ-AUTO	SSB	09:45:42	11:42:53	09:31:47	12:44:18	09:46:28	11:43:48
81	02/10/2019	TATAELXSI	SSB	09:39:11	09:39:11	09:40:26	14:28:30	09:40:20	09:40:20
82	03/10/2019	METROPOLIS	SSB	10:30:30	10:30:30	09:20:49	14:29:47	10:31:27	10:31:27
83	04/10/2019	RAMCOCEM	SSB	09:49:20	09:49:20	09:45:15	09:52:25	09:45:04	09:45:04
84	05/10/2019	JKLAKSHMI	SSB	13:07:56	13:07:56	13:01:11	13:30:19	13:09:55	13:09:55
85	06/10/2019	MOIL	SSB	12:57:40	12:57:40	13:02:24	13:10:28	12:58:08	12:58:08
86	07/10/2019	TATAELXSI	SSB	11:49:40	11:56:52	11:48:18	14:59:25	12:01:48	12:01:48
87	08/10/2019	MHRIL	SSB	12:02:50	12:04:38	12:09:48	12:09:48	12:08:37	12:08:37

Sl no.	Trade Date	Symbol	Trade Pattern	Noticee no. 2		Quest		Noticee no. 2	
				Sell Start	Sell End	Sell Start	Sell End	Buy Start	Buy End
88	09/10/2019	ISEC	SSB	12:15:03	12:15:52	12:17:14	14:04:52	12:18:04	12:18:04
89	10/10/2019	RAMCOCEM	SSB	14:47:43	14:48:03	14:09:00	15:24:53	14:51:14	14:51:14
90	11/10/2019	DEEPAKNTR	SSB	09:47:09	11:25:41	09:44:49	15:09:09	11:18:05	11:25:53
91	12/10/2019	MOIL	SSB	10:02:44	10:02:44	10:21:03	13:57:16	10:14:49	10:22:40
92	13/10/2019	SUNPHARMA	SSB	09:58:50	09:58:50	09:25:26	14:59:41	10:03:38	10:03:38
93	14/10/2019	MOIL	SSB	09:30:10	09:30:10	09:30:22	11:35:09	09:31:14	09:31:14
94	15/10/2019	MOIL	SSB	10:32:15	10:32:15	10:31:40	14:06:20	10:35:10	10:35:10

21. Based on the aforesaid tables, I note that Noticee no. 1, being privy to the information regarding substantial impending orders of Quest, placed/executed tranches of the orders of the first leg of intra-day trade from the trading account of Noticee No. 2 just prior to the impending order of Quest or before the last tranche of the order placed by Quest and the trades for the second leg of the intra-day trade (squaring off of front run trades) got executed at the same time or immediately after the initial tranche of sell order of Quest. Therefore, a total of 175 instances of front running, 81 instances of front running in Buy-Buy-Sell pattern and 94 instances of front running in Sell-Sell-Buy pattern, vis-à-vis the trades undertaken by Quest have been observed in the trades undertaken in the trading account of Noticee no. 2.

22. Further, a summary of the alleged front run trades of Noticees in terms of quantity bought and sold and the alleged wrongful gain / loss averted made from the trading account of Noticee No. 2, as alleged in the SCN, is given below:

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2 Buy Qty	Noticee no. 2 Sell Qty	squared off diff (Rs.)
1	24/04/2019	MAHINDCIE	BBS	8,398	8,398	31,409.30
2	25/04/2019	MAHINDCIE	BBS	8,843	8,843	26,602.15
3	26/04/2019	MAHINDCIE	BBS	7,146	7,146	16,240.15
4	27/04/2019	MAHINDCIE	BBS	6,652	6,652	39,293.10
5	28/04/2019	MAHINDCIE	BBS	3,822	3,822	7,698.30

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2 Buy Qty	Noticee no. 2 Sell Qty	squared off diff (Rs.)
6	29/04/2019	MAHINDCIE	BBS	3,500	3,500	-427.10
7	30/04/2019	MAHINDCIE	BBS	4,700	4,700	8,241.00
8	01/05/2019	MAHINDCIE	BBS	2,660	2,660	6,203.25
9	02/05/2019	MAHINDCIE	BBS	6,596	6,596	13,521.60
10	03/05/2019	MAHINDCIE	BBS	10,000	10,000	11,631.70
11	04/05/2019	MAHINDCIE	BBS	5,898	5,898	15,302.90
12	05/05/2019	BHARATFORG	BBS	3,000	3,000	5,872.25
13	06/05/2019	BHARATFORG	BBS	1,241	1,241	2,388.10
14	07/05/2019	BHARATFORG	BBS	7,500	7,500	-16,609.55
15	08/05/2019	CIPLA	BBS	9,579	9,579	27,044.85
16	09/05/2019	DIVISLAB	BBS	500	500	4,260.20
17	10/05/2019	DIVISLAB	BBS	3,000	3,000	16,918.05
18	11/05/2019	DIVISLAB	BBS	3,000	3,000	26,241.90
19	12/05/2019	MAHINDCIE	BBS	551	551	1,366.90
20	13/05/2019	DIVISLAB	BBS	3,000	3,000	14,646.40
21	14/05/2019	MAHINDCIE	BBS	4,792	4,792	19,423.40
22	15/05/2019	MARICO	BBS	7,459	7,459	22,086.60
23	16/05/2019	MARICO	BBS	10,000	10,000	34,999.40
24	17/05/2019	TATAELXSI	BBS	3,436	3,436	18,726.20
25	18/05/2019	INFY	BBS	5,000	5,000	951.85
26	19/05/2019	TATAELXSI	BBS	1,055	1,055	5,802.55
27	20/05/2019	TATAELXSI	BBS	5,000	5,000	24,601.65
28	21/05/2019	BANDHANBNK	BBS	12,054	12,054	42,268.15
29	22/05/2019	BANDHANBNK	BBS	10,000	10,000	78,851.05
30	23/05/2019	FEDERALBNK	BBS	50,000	50,000	12,500.00
31	24/05/2019	SWSOLAR	BBS	10,250	10,250	51,990.75
32	25/05/2019	SWSOLAR	BBS	2,035	2,035	5,461.85
33	26/05/2019	SWSOLAR	BBS	1,387	1,387	2,284.60
34	27/05/2019	JBCHEPHARM	BBS	5,000	5,000	29,500.00
35	28/05/2019	JBCHEPHARM	BBS	1,010	1,010	3,989.50
36	29/05/2019	JBCHEPHARM	BBS	312	312	802.65
37	30/05/2019	JBCHEPHARM	BBS	798	798	3,878.80
38	31/05/2019	ACC	BBS	3,000	3,000	27,898.95
39	01/06/2019	PRINCEPIPE	BBS	5,871	5,871	15,557.25
40	02/06/2019	PEL	BBS	5,000	5,000	-1,070.05
41	03/06/2019	BAJAJ-AUTO	BBS	2,000	2,000	31,708.00
42	04/06/2019	CRISIL	BBS	115	115	1,510.70
43	05/06/2019	BAJAJ-AUTO	BBS	2,397	2,397	19,299.80
44	06/06/2019	BIOCON	BBS	15,000	15,000	362.50
45	07/06/2019	CRISIL	BBS	116	116	3,103.25
46	08/06/2019	PRINCEPIPE	BBS	9,008	9,008	9,044.80
47	09/06/2019	CRISIL	BBS	1,545	1,545	24,336.65

Sl no.	Trade date	Symbol	Trade pattern	Noticee no. 2 Buy Qty	Noticee no. 2 Sell Qty	squared off diff (Rs.)
48	10/06/2019	PRINCEPIPE	BBS	5,434	5,434	9,655.25
49	11/06/2019	BAJAJ-AUTO	BBS	5,500	5,500	1,07,294.90
50	12/06/2019	RAMCOCEM	BBS	10,000	10,000	-19,423.45
51	13/06/2019	NOCIL	BBS	10,000	10,000	9,952.70
52	14/06/2019	NOCIL	BBS	12,572	12,572	19,868.30
53	15/06/2019	MOIL	BBS	18,093	18,093	7,266.80
54	16/06/2019	KANSAINER	BBS	1,674	1,674	3,477.00
55	17/06/2019	VTL	BBS	500	500	6,409.65
56	18/06/2019	KANSAINER	BBS	12,803	12,803	16,847.40
57	19/06/2019	RAMCOCEM	BBS	1,000	1,000	3,031.85
58	20/06/2019	KANSAINER	BBS	3,222	3,222	10,972.40
59	21/06/2019	MOIL	BBS	12,112	12,112	18,922.35
60	22/06/2019	SBILIFE	BBS	1,000	1,000	2,556.15
61	23/06/2019	COROMANDEL	BBS	2,000	2,000	13,764.60
62	24/06/2019	MHRIL	BBS	735	735	2,564.20
63	25/06/2019	RAMCOCEM	BBS	3,099	3,099	19,153.00
64	26/06/2019	MOIL	BBS	2,230	2,230	2,870.40
65	27/06/2019	RAMCOCEM	BBS	2,000	2,000	16,696.90
66	28/06/2019	COROMANDEL	BBS	2,000	2,000	9,419.20
67	29/06/2019	METROPOLIS	BBS	1,000	1,000	1,137.70
68	30/06/2019	RAMCOCEM	BBS	3,980	3,980	28,553.25
69	01/07/2019	BAJAJFINSV	BBS	500	500	-830.75
70	02/07/2019	HDFCLIFE	BBS	4,912	4,912	4,792.00
71	03/07/2019	ESCORTS	BBS	1,000	1,000	5,740.30
72	04/07/2019	M&MFIN	BBS	11,000	11,000	-24,422.45
73	05/07/2019	BIRLACORPN	BBS	839	839	4,950.10
74	06/07/2019	LAURUSLABS	BBS	500	500	922.10
75	07/07/2019	SBIN	BBS	10,000	10,000	-4,469.50
76	08/07/2019	BIRLACORPN	BBS	2,288	2,288	10,112.30
77	09/07/2019	HCLTECH	BBS	5,000	5,000	16,314.90
78	10/07/2019	TV18BRDCST	BBS	20,000	20,000	8,250.00
79	11/07/2019	TATACOMM	BBS	7,000	7,000	3,036.75
80	12/07/2019	SBIN	BBS	5,000	5,000	8,250.00
81	13/07/2019	SEQUENT	BBS	14,976	14,976	14,569.90

Sl no.	Trade date	Symbol	Trade Pattern	Noticee no. 2 Sell Qty	Noticee no. 2 Buy Qty	Squared off diff
1	14/07/2019	TV18BRDCST	SSB	50,000	50,000	15,368.45
2	15/07/2019	TV18BRDCST	SSB	50,000	50,000	21,892.20
3	16/07/2019	VARROC	SSB	3,160	3,160	13,360.05
4	17/07/2019	SIMPLEXINF	SSB	15,607	15,607	72,210.80
5	18/07/2019	COROMANDEL	SSB	975	975	5,045.80
6	19/07/2019	KEC	SSB	1,000	1,000	2,168.70

Sl no.	Trade date	Symbol	Trade Pattern	Noticee no. 2 Sell Qty	Noticee no. 2 Buy Qty	Squared off diff
7	20/07/2019	COROMANDEL	SSB	2,046	2,046	5,820.30
8	21/07/2019	KEC	SSB	4,886	4,886	8,799.35
9	22/07/2019	KEC	SSB	6,205	6,205	17,942.95
10	23/07/2019	SPENCERS	SSB	1,326	1,326	1,094.50
11	24/07/2019	MAHINDCIE	SSB	1,000	1,000	1,578.15
12	25/07/2019	GUJGASLTD	SSB	15,659	15,659	18,703.75
13	26/07/2019	GUJGASLTD	SSB	5,000	5,000	5,000.00
14	27/07/2019	GUJGASLTD	SSB	5,000	5,000	4,500.00
15	28/07/2019	GUJGASLTD	SSB	2,964	2,964	5,439.30
16	29/07/2019	KEC	SSB	2,486	2,486	5,902.50
17	30/07/2019	GUJGASLTD	SSB	10,000	10,000	15,500.00
18	31/07/2019	KEC	SSB	2,270	2,270	6,781.90
19	01/08/2019	PRAJIND	SSB	20,452	20,452	13,882.20
20	02/08/2019	BHARATFORG	SSB	5,000	5,000	23,418.25
21	03/08/2019	CONCOR	SSB	5,250	5,250	19,690.60
22	04/08/2019	KEC	SSB	3,355	3,355	6,057.10
23	05/08/2019	JMCPROJECT	SSB	10,000	10,000	14,554.50
24	06/08/2019	KEC	SSB	2,788	2,788	5,297.20
25	07/08/2019	KEC	SSB	17,738	17,738	33,234.25
26	08/08/2019	JMCPROJECT	SSB	3,676	3,676	4,746.65
27	09/08/2019	KEC	SSB	10,000	10,000	20,000.00
28	10/08/2019	KEC	SSB	15,661	15,661	27,873.05
29	11/08/2019	MAHINDCIE	SSB	1,071	1,071	2,013.90
30	12/08/2019	COROMANDEL	SSB	5,000	5,000	12,542.50
31	13/08/2019	COROMANDEL	SSB	1,141	1,141	5,135.35
32	14/08/2019	KEC	SSB	7,248	7,248	20,441.75
33	15/08/2019	KEC	SSB	3,407	3,407	6,808.95
34	16/08/2019	KEC	SSB	3,191	3,191	5,129.80
35	17/08/2019	M&M	SSB	2,500	2,500	1,230.70
36	18/08/2019	MAHINDCIE	SSB	5,056	5,056	13,071.15
37	19/08/2019	MAHINDCIE	SSB	3,207	3,207	7,236.55
38	20/08/2019	KEC	SSB	6,489	6,489	12,596.60
39	21/08/2019	JMCPROJECT	SSB	3,253	3,253	2,813.70
40	22/08/2019	MAHLOG	SSB	236	236	734.20
41	23/08/2019	JMCPROJECT	SSB	3,015	3,015	2,713.50
42	24/08/2019	JMCPROJECT	SSB	1,562	1,562	2,976.75
43	25/08/2019	JMCPROJECT	SSB	3,385	3,385	4,190.05
44	26/08/2019	JMCPROJECT	SSB	6,514	6,514	9,159.60
45	27/08/2019	JMCPROJECT	SSB	772	772	707.40
46	28/08/2019	MAHINDCIE	SSB	3,000	3,000	6,027.55
47	29/08/2019	JMCPROJECT	SSB	4,368	4,368	4,368.00
48	30/08/2019	JMCPROJECT	SSB	4,605	4,605	7,060.85

Sl no.	Trade date	Symbol	Trade Pattern	Noticee no. 2 Sell Qty	Noticee no. 2 Buy Qty	Squared off diff
49	31/08/2019	LTTS	SSB	379	379	4,065.35
50	01/09/2019	BANDHANBNK	SSB	1,694	1,694	5,245.70
51	02/09/2019	LTTS	SSB	2,000	2,000	27,117.95
52	03/09/2019	LTTS	SSB	1,650	1,650	11,406.60
53	04/09/2019	MAHINDCIE	SSB	2,000	2,000	1,525.60
54	05/09/2019	LTTS	SSB	180	180	1,593.10
55	06/09/2019	MAHINDCIE	SSB	5,000	5,000	-8,933.25
56	07/09/2019	JMCPROJECT	SSB	1,297	1,297	1,352.95
57	08/09/2019	SWSOLAR	SSB	3,021	3,021	15,052.50
58	09/09/2019	MAHINDCIE	SSB	3,174	3,174	3,485.10
59	10/09/2019	MAHINDCIE	SSB	2,012	2,012	5,030.00
60	11/09/2019	SWSOLAR	SSB	11,488	11,488	66,685.65
61	12/09/2019	MAHINDCIE	SSB	160	160	192.00
62	13/09/2019	CIPLA	SSB	10,000	10,000	33,206.60
63	14/09/2019	TECHM	SSB	4,000	4,000	44,874.95
64	15/09/2019	ITC	SSB	25,000	25,000	5,770.65
65	16/09/2019	MAHLOG	SSB	4,426	4,426	8,896.30
66	17/09/2019	FEDERALBNK	SSB	1,70,220	1,70,220	1,71,212.55
67	18/09/2019	MAHINDCIE	SSB	10,000	10,000	29,045.00
68	19/09/2019	JBCHEPHARM	SSB	5,000	5,000	20,414.60
69	20/09/2019	BAJAJ-AUTO	SSB	4,000	4,000	22,531.75
70	21/09/2019	DLF	SSB	5,000	5,000	2,443.15
71	22/09/2019	BHARTIARTL	SSB	2,000	2,000	4,794.75
72	23/09/2019	TRENT	SSB	2,000	2,000	16,544.00
73	24/09/2019	PRINCEPIPE	SSB	20,000	20,000	17,000.00
74	25/09/2019	SUNPHARMA	SSB	5,000	5,000	-7,228.20
75	26/09/2019	NH	SSB	229	229	264.00
76	27/09/2019	PRINCEPIPE	SSB	3,691	3,691	1,853.00
77	28/09/2019	BPCL	SSB	25,500	25,500	28,563.95
78	29/09/2019	NH	SSB	792	792	2,932.10
79	30/09/2019	IPCALAB	SSB	2,000	2,000	32,156.30
80	01/10/2019	BAJAJ-AUTO	SSB	6,500	6,500	48,760.75
81	02/10/2019	TATAELXSI	SSB	1,000	1,000	5,301.45
82	03/10/2019	METROPOLIS	SSB	483	483	5,257.10
83	04/10/2019	RAMCOCEM	SSB	500	500	-6,000.00
84	05/10/2019	JKLAKSHMI	SSB	3,000	3,000	4,618.70
85	06/10/2019	MOIL	SSB	5,000	5,000	4,813.05
86	07/10/2019	TATAELXSI	SSB	2,000	2,000	10,673.85
87	08/10/2019	MHRIL	SSB	3,095	3,095	9,174.60
88	09/10/2019	ISEC	SSB	2,231	2,231	7,954.30
89	10/10/2019	RAMCOCEM	SSB	1,000	1,000	6,218.80
90	11/10/2019	DEEPAKNTR	SSB	2,000	2,000	5,137.35

Sl no.	Trade date	Symbol	Trade Pattern	Noticee no. 2 Sell Qty	Noticee no. 2 Buy Qty	Squared off diff
91	12/10/2019	MOIL	SSB	3,157	3,157	3,317.20
92	13/10/2019	SUNPHARMA	SSB	1,000	1,000	3,363.45
93	14/10/2019	MOIL	SSB	828	828	419.85
94	15/10/2019	MOIL	SSB	827	827	1,277.15

23. Based on the aforesaid tables, I note that trading in the aforesaid manner by Noticee no. 1 has resulted in gain/loss aversion of Rs. 22,88,126/- by the Noticees. The above facts on higher preponderance of probabilities shows that the impugned 175 instances in the account of Noticee no. 2 were in the nature of front running trades which were placed in order to front run the impending buy/sell orders of Quest, based on non-public information available with Noticee no. 1.

24. I also note that Noticee no. 2 had authorised Noticee no. 1 to placed orders in his account and Noticee no. 1 placed the orders in Noticee no. 2's trading account. In this regard, I note that even though Noticee no. 1 placed orders in the trading account of Noticee no. 2 and Noticee no. 2 may not have been aware of any non-public information regarding impending transactions by Quest, the fact remains that the alleged transactions had taken place from the trading account of Noticee no. 2. Therefore, Noticee no. 2 is also liable to be proceeded against for any trades carried out by Noticee no. 1 in Noticee no. 2's trading account as by giving authority in favour of Noticee no. 1, a principal-agent relationship arose, thus, making the principal also liable for the acts of his agent.

25. As noted earlier, the Noticees had earlier through their reply dated December 18, 2021 and in the personal hearing before me on March 14, 2022 accepted all the allegations made in the SCN except the allegation regarding quantum of unlawful gains. The Noticees in their reply dated December 18, 2021, has contended that actual gains made by them is Rs. 19,66,000/- and not Rs. 22,88, 126/- as alleged in the SCN. The reason for difference in the amount, as per the said reply was due to taxes and other levies. In this regard, I note that Explanation to Section 11B which clarifies that directions under Section 11B shall also include direction for disgorgement of wrongful gain made or loss averted, provides as under:

"Explanation. -For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention."

A perusal of the aforesaid explanation reveals that disgorgement amount has to be equal to the amount of wrongful gain made or loss averted. The explanation does not allow setting off of any losses suffered or expenses incurred by the wrongdoer while making wrongful gain or aversion of loss. Allowing setting off of the losses or expenses from the liability to disgorge will amount to allow the wrongdoer premium for his wrongdoings. Further, allowing to set-off the losses suffered or expenses incurred, in carrying out unlawful trades, from the disgorgement amount, would amount to allowing insurance/ hedging for losses to the front runner which is not permitted under the law as quoted above.

26. Further, in his reply dated June 29, 2022, Noticee no. 1 has also contended that for calculating the amount of wrongful gains, only that quantity of his second leg orders which got matched with the large orders of Quest, should be taken into consideration and not the whole quantity of his trades in second leg. On the basis of this contention, Noticee no. 1 has also submitted his own calculation of wrongful gains, along with his reply dated June 29, 2022. I note that in front running, a front runner trades ahead (first leg) of the substantial buy/sell order as he has non-public information about the substantial buy/sell order and thereafter reverses his position (second leg) to reap the benefit due to movement in the price of the securities due to substantial buy/sell order. This benefit of movement in price accrues to the front runner due to matching of his second leg orders, either with the substantial order or with other orders available in the system from other buyer/sellers, at such moved price. In both cases of matching, gains made by the front runner, are wrongful and are thus, liable to be disgorged. Therefore, the contention of the Noticee no. 1 that for calculating the amount of wrongful gains, only that quantity of his second leg

orders which got matched with the large orders of Quest, should be taken into consideration and not the whole quantity of his trades in second leg, is untenable.

27. In view of the aforesaid discussion and findings, I find that Noticee no. 1 and Noticee no. 2 have violated Section 12A (b) of the SEBI Act, 1992 and Regulations 3(a), 3(c), 4(1) and 4(2) (q) of the PFUTP Regulations, 2003. I also find that as a result of the aforesaid violations Noticees have made wrongful gains of Rs. 22,88,126/- which Noticees are liable to disgorge.

28. The SCN in the matter, also calls upon the Noticees to explain as to why appropriate penalty be not imposed upon them under Sections 15HA of SEBI Act, 1992, for the violations alleged in the SCN. Relevant extract of Section 15HA, as existing at the time of violations, is reproduced, hereunder:

Relevant extract of Section 15HA of SEBI Act, 1992:

> ***"Penalty for fraudulent and unfair trade practices.***
> *15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."*

29. I note that Section 15HA of the SEBI Act, 1992 provides for imposition of penalty in case of fraudulent and unfair trade practices committed by any person. As in the present case, it has been found that the Noticees have violated Section 12A (b) of the SEBI Act, 1992 and Regulations 3(a), 3(c), 4(1) and 4(2) (q) of the PFUTP Regulations, 2003, therefore, penalty under Section 15HA is attracted *qua* the Noticees.

30. For imposition of penalty under the provisions of the SEBI Act, 1992, Section 15J of the SEBI Act, 1992 provides as follows:

> ***"Factors to be taken into account while adjudging quantum of penalty.***

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—
(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default.
Explanation. — For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

31. I find that the Noticees have made unlawful gains/averted loss of Rs. 22,88,126/- from front running the orders of Quest which are being directed to be disgorged by this order. I find that SCN does not allege any specific loss caused to investors or group of investors as a result of the default by the Noticees. I note that Noticee no. 1 had placed all the front running orders in the account of Noticee no. 2. I note that Noticee no. 2 had authorised Noticee no. 1 to place orders in his trading account.

Directions and monetary penalties:

32. In view of the aforesaid findings and having regard to the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11B (1) and 11B(2) of SEBI Act, 1992 read with Section 19 of SEBI Act, 1992 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, directs as under:

    a. The Noticee no. 1 and Noticee no. 2 are directed to disgorge the amount of Rs. 22,88,126/- (Rupees twenty two lakh eighty eight thousand one hundred twenty six only), along with an interest at the rate of 12% per annum from July 31, 2020 till the date of actual payment, jointly and severally. The said amount shall be remitted by the Noticees to Investor Protection and Education Fund (IPEF) referred to in Section 11(5) of the SEBI Act, 1992, within 45 (forty-five)

days from the date of this Order. An intimation regarding the payment of said disgorgement amount directed to be paid herein, shall be sent to "The Division Chief, IVD-ID5, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051".

b. Noticee no. 1 is restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 2 (two) years, from the date of this order;

c. Noticee no. 2 is restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 3 (three) months, from the date of this order;

d. The Noticee no. 1 is hereby imposed with, the following penalties as specified:

Noticee no.	**Name of Noticee**	**Provisions under which penalty imposed**	**Penalties**
1.	Ketan Bhupendra Parekh	Section 15HA of the SEBI Act, 1992	Rs. 10,00,000/- (Rupees Ten Lakh)
2.	Bhupendra Jasvantrai Parekh	Section 15HA of the SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh)

e. The aforesaid Noticee is directed to pay the penalty within a period of forty-five (45) days, from the date of receipt of this order, by way of Demand Draft in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai or through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the said Noticee may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to "The Division Chief, IVD-

ID5, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051" and also to e-mail id: - tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction no.	
Payment is made for: (Like penalties/ disgorgement/ recovery/ settlement amount/ legal charges along with order details)	

33. During the period of restraint, the existing holding of securities including units of mutual funds of the Noticees shall also remain frozen. However, the obligation of the Noticees, restrained/prohibited by this Order, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, are allowed to be discharged, irrespective of the restraint/prohibition imposed by this Order. Further, all open positions, if any, of the Noticees, restrained/prohibited in the present Order, in the F&O segment of the recognised stock exchange(s), are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

34. This Order comes into force with immediate effect.

35. This Order shall be served on all Recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents to ensure necessary compliance.

Sd/-

Place: Mumbai **ANANTA BARUA**

Date: February 10, 2023 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA