

Securities Appellate Tribunal
Mehmood Vaid vs Sebi on 11 August, 2017
BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date of Decision: 11.08.2017

Appeal No. 172 of 2017

Mehmood Vaid
A 2/7: 2 Sneh CHS Ltd., Plot No. 16,
Sector 19A, Nerul,
Navi Mumbai- 400 076

...Appellant

Versus

Securities and Exchange Board of India,
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai -400 051

...Respondent

Mr. Navroz Seervai, Senior Advocate with Mr. Ayush Agarwal,
Advocate i/b Crawford Bayley & Co. for the Appellant.

Mr. Mihir Mody, Advocate with Mr. Nishant Upadhyay, Advocate i/b K.
Ashar & Co. for the Respondent.

CORAM: Justice J.P. Devadhar, Presiding Officer

Jog Singh, Member Per: Justice J.P. Devadhar (Oral)

1. The appellant is aggrieved by the ad-interim ex-parte order passed by the Whole Time Member ("WTM" for short) of the Securities and Exchange Board of India ("SEBI" for short) on August 2, 2017. By the said order it is, inter alia, held that the appellant was an insider under the SEBI (Prohibition of Insider Trading) Regulations, 1992 ("PIT Regulations" for short) and while in possession of unpublished price sensitive information ("UPSI" for short), the appellant had sold the shares of Multi-Commodity Exchange of India Ltd. ("MCX" for short) and averted loss to the tune of `15.10 lac and with a view to impound the loss averted, the WTM of SEBI has directed the appellant not to dispose of or alienate any of his assets/properties/securities till the amount of loss averted is credited to an escrow account. By the said order, the WTM of SEBI has directed the banks not to debit any amount from bank accounts of the appellant except for the purpose of transfer of funds to the escrow account.

2. Although the prima facie view of the WTM of SEBI that the appellant was an insider and had traded in the securities while in possession of UPSI is seriously disputed by the appellant, without prejudice to his rights and contentions, the appellant has furnished to the counsel for SEBI, Fixed Deposit for an amount exceeding `15.10 lac and seeks to contest the matter before SEBI.

3. In view of the fact that the appellant has secured the loss allegedly averted by the appellant, the directions issued against the appellant in the ex-parte order do not survive. Consequently, the appeal does not survive.

4. Accordingly, we dispose of the appeal by directing the appellant to make a representation, if any, within a period of two weeks from today and further direct SEBI to dispose of the said representation as expeditiously as possible in any event within a period of three months from the date of receiving the representation from the appellant.

5. All contentions of both parties are kept open.

6. Appeal is disposed of in the aforesaid terms with no order as to costs.

Sd/-

Justice J.P. Devadhar Presiding Officer Sd/-

Jog Singh Member 11.08.2017 Prepared & Compared By: PK