

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
SO/SG-DP/EAD/ 67/2017

SETTLEMENT ORDER

On the Application No. 3221 of 2017

Submitted by

Shri Aniruddha Paul

In the matter of ING Vysya Bank Limited

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') received a reference from ING Vysya Bank Ltd. (hereinafter referred to as 'Company') for suspected violation of provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as 'PIT Regulations') in its scrip.
2. On examination it was found that Shri Aniruddha Paul, Chief Information Officer (hereinafter referred to as 'Noticee'), who was placed next to MD, CEO in hierarchy of the Company and hence an officer in terms of Regulation 2(g) of PIT Regulations, had sold 2,833 shares of the Company for a gross sell value of Rs 27,12,182.55/- on 13.03.2015. The Noticee was, therefore, required to make the disclosure under Regulations 13(4) read with 13(5) of PIT Regulations for the aforesaid transaction within two working days of sale of shares to the Company and to the Stock Exchanges. It was noted that the Noticee submitted disclosure to the Company on 26.03.2015. Further, the Noticee failed to make the disclosure to the Stock Exchanges.
3. It was further observed that the Noticee sold 2,500 shares for a gross sell value of Rs 23,26,098.75/- on 16.03.2015. It was observed that the Noticee submitted

disclosure to the Company on 26.03.2015 and failed to make the disclosure of the aforesaid transaction to the Stock Exchanges.

4. It was, therefore, alleged that the Noticee had made a delayed disclosure of his transactions on 13.03.2015 and 16.03.2015 to the Company and failed to make disclosures for the same to the Stock Exchanges under Regulations 13(4) read with 13(5) of PIT Regulations. Therefore, it was alleged that Noticee had violated Regulations 13(4) read with 13(5) of PIT Regulations.
5. SEBI appointed the undersigned as the Adjudicating Officer (hereinafter referred to as 'AO') *vide* order dated 26.07.2016 under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') read with Rule 3 of the SEBI (Procedure of Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the 'Rules') to inquire into and adjudge under the provisions of Section 15A(b) of the SEBI Act, the alleged violations of provisions of Regulations 13(4) read with 13(5) of PIT Regulations by the Noticee.
6. Accordingly, a Show Cause Notice dated 11.08.2016 (hereinafter referred to as 'SCN') was issued to the Noticee, seeking his reply as to why an inquiry should not be held against him in terms of Rule 4 of the Rules read with Section 15-1 of the SEBI Act and why penalty, if any, should not be imposed on him under Section 15A(b) of the SEBI Act.
7. In response to the said SCN, the Noticee *vide* a letter dated 26.08.2016 submitted his reply with a request to drop all further inquiry into the matter. In terms of Rule 4 (3) of the Rules, the Noticee was granted an opportunity of personal hearing on 22.09.2016 at SEBI Bhavan, Mumbai *vide* notice of hearing dated 31.08.2016. The hearing dated 22.09.2016 was attended by the Authorised Representative (hereinafter referred to as 'AR') of the Noticee. During the course of hearing, AR,

requested time up to 07.10.2016 to make additional submissions, which was granted.

8. *Vide* letter dated 06.10.2016, AR submitted that Noticee is desirous of making an application in terms of SEBI (Settlement of Administrative and Civil proceedings) Regulations, 2014, (hereinafter referred as 'Settlement Regulations'), proposing to settle the instant proceedings and requested to postpone the proceedings by three weeks. In response to same, *vide* letter dated 14.10.2016, time till 01.11.2016 was granted to the Noticee to submit additional reply.
9. The AR, *vide* a letter dated 28.10.2016, submitted its reply and also submitted that an application for settlement dated 26.10.2016 was filed before SEBI.
10. Settlement Division, SEBI *vide* its mail dated 02.12.2016 and Office Note dated 25.03.2017 requested AO to continue the proceedings except passing the final order, till the conclusion of settlement proceedings.
11. Now, *vide* Office Note dated 04.09.2017, Settlement Division, SEBI, has forwarded the approved settlement terms for passing of the Settlement Order.
12. I note from the record that a settlement application from the Noticee was received by Settlement Division, SEBI on 27.10.2016. Since certain deficiencies were noted in the said application, the same was returned to the Noticee on 04.01.2017. Thereafter, a rectified settlement application was filed by the Noticee proposing to settle the instant adjudication proceedings, without admitting or denying the findings of facts and conclusions of law, on payment of a fair sum and same was received by the Settlement Division, SEBI on 23.01.2017. Form B dated 25.04.2017 signed by the concerned department of SEBI, *inter alia*, confirming that the Noticee has subsequently filed disclosures in relation to the alleged violations is also on record.

13. It is noted that pursuant to the meeting of the Internal Committee of SEBI held on 24.05.2017, the Noticee *vide* letter dated 01.06.2017 proposed to settle the aforesaid adjudication proceedings on payment of Rs 3,69,780/- (Rupees Three Lakh Sixty Nine Thousand Seven Hundred and Eighty only) .
14. The revised settlement terms proposed by the Noticee were placed before the High Powered Advisory Committee (hereinafter referred to as “HPAC”). HPAC during its meeting held on 05.07.2017 considered the facts and circumstances of the case and recommended the case for settlement on payment of Rs 3,69,780/- (Rupees Three Lakh Sixty Nine Thousand Seven Hundred and Eighty only) towards settlement terms. The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC on 16.08.2017. The settlement terms were communicated to the Noticee *vide* email dated 16.08.2017.
15. Accordingly, the Noticee has remitted a sum of Rs 3,69,780/- (Rupees Three Lakh Sixty Nine Thousand Seven Hundred and Eighty only) in favour of “Securities and Exchange Board of India” *vide* a Demand Draft bearing no 501559 dated 21.08.2017 drawn on ICICI Bank, Mumbai.
16. In view of the above, in terms of Regulation 15(1) of Settlement Regulations, it is hereby ordered that this settlement order disposes of the adjudication proceedings initiated against the Noticee *vide* the aforesaid show cause notice dated 11.08.2016.
17. This Order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of these proceedings against the Noticee, if SEBI finds that:
- i. any representation made by the Noticee in the settlement proceedings is subsequently discovered to be untrue.

ii. the Noticee has breached any of the clauses/conditions of undertakings/waivers filed during the current settlement proceedings.

18. This Settlement Order passed on this the 15th day of September, 2017 shall come into force with immediate effect.

19. In terms of Regulation 17 of Settlement Regulations, a copy each of this order is being sent to the Noticee and for publishing on the website of Securities and Exchange Board of India.

15.09.2017
Place: Mumbai

Suresh Gupta
Adjudicating Officer