

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER: EAD-2/SS/SK/2018-19/1361]**

**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995.**

**In respect of:**

**Aparna G Joshi**

(PA No. AFIPJ7779N)

H No. W-9/20/36, Khadpabandh,

Ponda, South Goa - 403401.

**In the matter of Marksans Pharma Limited**

1. During examination in the scrip of Marksans Pharma Limited (hereinafter referred to as 'MPL'), Securities and Exchange Board of India ("SEBI") sought list of designated persons from MPL. In response to the same, MPL had provided to SEBI the list of its designated persons and details with respect to dates of announcement of financial results and the corresponding dates of trading window closure during the period from January 01, 2015 to December 31, 2016. On examining the trading activity of the designated persons of MPL, it was observed that Ms. Aparna G Joshi (hereinafter referred to as 'the Noticee') had traded in the scrip of MPL during the period of trading window closure. The details of trading activities of the Noticee in the scrip of MPL during the period of trading window closure are tabulated as under:

Date	Broker Name	Gr Buy Vol	Gr Sell Vol	Gr Buy Value (Rs.)	Gr Sell Value (Rs.)	Remarks
30/05/2016	Canara Bank Securities Limited	20	0	960.00	0.00	Financial results announced on May 30, 2016. Trading window was closed between May 20, 2016 to May 31, 2016

2. In view of the above, it has been alleged that the Noticee has violated the provisions of clause 4 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders specified in Schedule B read with Regulation 9(1) and (2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as 'the PIT Regulations'). The said provisions of PIT Regulations read as under:

**PIT Regulations**

**Code of Conduct.**

9. (1) *The board of directors of every listed company and market intermediary shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to these regulations, without diluting the provisions of these regulations in any manner.*

***NOTE:*** *It is intended that every company whose securities are listed on stock exchanges and every market intermediary registered with SEBI is mandatorily required to formulate a code of conduct governing trading by its employees. The standards set out in the schedule are required to be addressed by such code of conduct.*

(2) *Every other person who is required to handle unpublished price sensitive information in the course of business operations shall formulate a code of conduct to regulate, monitor and report trading by employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to these regulations, without diluting the provisions of these regulations in any manner.*

***NOTE:*** *This provision is intended to mandate persons other than listed companies and market intermediaries that are required to handle unpublished price sensitive information to formulate a code of conduct governing trading in securities by their employees. These entities include professional firms such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising listed companies, market intermediaries and other capital market participants. Even entities that normally operate outside the capital market may handle unpublished price sensitive information. This provision would mandate all of them to formulate a code of conduct.*

## **SCHEDULE B**

***[See sub-regulation (1) and sub-regulation (2) of regulation 9]***

### ***Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders***

1. ....
4. *Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.*
3. Vide a communication-order dated June 21, 2018, it has been informed that the competent authority in SEBI is satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged violation by the Noticee as aforesaid and has appointed the undersigned as Adjudicating Officer under section 15-I(1) of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Adjudication Rules') to inquire into and adjudge the aforesaid alleged violation and charges.
4. Accordingly, in terms of rule 4(1) of the Adjudication Rules read with section 15I of the SEBI Act and terms of reference as above, a notice to show cause no. EAD/SS-SKS/OW/21931/2018 dated August 06 18, 2018 (hereinafter referred to as 'the SCN') was issued to the Noticee, calling upon

her to show cause as to why an inquiry should not be held against her in terms of rule 4 of the Adjudication Rules and penalty be not imposed under Section 15HB of the SEBI Act for the aforesaid alleged violation. The Noticee, vide e-mail dated August 17, 2018 filed her reply to the SCN and requested for a personal hearing in the matter. An opportunity of personal hearing was granted to the Noticee on September 14, 2018, in terms of Rule 4 (3) of the Adjudication Rules which was rescheduled for September 19, 2018 in the interest of principles of natural justice on request of the Noticee. On the said date, the Noticee appeared in person and reiterated the submissions made by the Noticee vide e-mail dated August 17, 2018.

5. I have carefully considered the allegations levelled in the matter, the submissions of the Noticee and the relevant material available on record. The charge in this case is that being a designated person (employee) of MPL, the Noticee has purchased 20 shares of the company for ₹ 960 on May 30, 2016 when the trading window was closed and thus, she has violated the aforesaid provisions that are Minimum Standards to be provided in the Code of Conduct to be laid down by the listed companies to regulate, monitor and report trading by insiders. The designated persons as defined in Clause 3 to Schedule B of the PIT Regulations means an employee and connected persons designated on the basis of their functional roles. From the note appended to regulation 9 (1) of the PIT Regulations, it is noted that the provisions thereof are intended that a listed company must formulate a code of conduct governing trading by its employees and the standards set out in Schedule B are required to be addressed by such code of conduct.
6. In the instant case, based upon her resignation letter dated November 28, 2015 and her relieving letter dated April 21, 2016 issued by MPL, the Noticee has demonstrated that she was not an employee i.e. designated person of MPL on the date of her purchase of 20 shares of MPL on May 30, 2016. I, therefore, find that the charge falls on this basis. Thus, the cause of action for the present adjudication proceedings, for the reason that she was a designated employee of MPL when she traded during the closure of trading window, does not sustain. The SCN is disposed of accordingly.
7. In terms of Rule 6 of the Adjudication Rules, copy of this order is sent to the Noticee and also to SEBI.

**Date: September 26, 2018**

**Place: Mumbai**

**Santosh Shukla**

**Adjudicating Officer**