

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. EAD/PM-AB/AO/27/2018-19]**

**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**  
**Shri Sameer Patil**  
**(PAN: AOIPP3491G)**

**In the matter of**  
**Multi Commodity Exchange of India Limited**

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**FACTS OF THE CASE IN BRIEF**

1. Securities and Exchange Board of India (**SEBI**) conducted investigation in the scrip of Multi Commodity Exchange of India Limited (hereinafter referred to as "**Company/MCX**") for the period of April 27, 2012 to July 31, 2013 and it was observed that Shri Sameer Patil ("**The Noticee**") had sold shares of MCX and had failed to make necessary disclosures under the SEBI(Prevention of Insider Trading) Regulations, 1992 ("**PIT Regulations**").

**APPOINTMENT OF ADJUDICATING OFFICER**

2. The undersigned was appointed as Adjudicating Officer under section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalty by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the '**Adjudication Rules**') to inquire into and adjudge under section 15G of the SEBI Act the alleged violations of

provisions of Regulation 13(4) r/w 13(5) of PIT Regulations by the Noticee.

### **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

3. A Show Cause Notice dated December 14, 2017 (hereinafter referred to as “**SCN**”) was issued to the Noticee under Rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be initiated and penalty be not imposed under section 15A(b) of the SEBI Act, 1992 for the alleged violations specified in the SCN.
4. As no reply was received for the said SCN, an opportunity of personal hearing was granted to the Noticee on August 21, 2018 in accordance with Rule 4(3) of the AO Rules. The Noticee and his authorized representative appeared on the said date and made oral submissions. The Noticee also sought one week time to file written submissions. The written submissions have been sent by the Noticee vide email dated August 29, 2018. The summary of relevant written submissions and submissions made during the course of hearing is as follows:
  - a. As per the Code of Conduct for prevention of Insider Trading (“Code of Conduct”) formulated by MCX the definition of “Officer” included certain people from April 16, 2012. This definition was amended on November 3, 2012 to include more people in its ambit. Further, the said definition was again amended on January 3, 2013 wherein more people were covered in its ambit.
  - b. The Noticee was covered in the ambit of “Officer” only after the amendment of definition on January 3, 2013 and not prior to that. The Noticee has made all requisite disclosures after January 3, 2013 in terms of PIT Regulations.

- c. As two of the transactions have happened before January 3, 2013, the Noticee was not required to make the disclosure. Further, the disclosure about the transaction dated February 11, 2013 was filed with the company on time and there was minor delay in filing the same with the Stock Exchange.

### **CONSIDERATION OF ISSUES AND FINDINGS**

5. I have carefully perused the reply to the SCN and oral submissions of the Noticee and the documents available on record. The issues that arise for consideration in the present case are :
- I. Whether the Noticee was covered under the ambit of “Officer” as specified in Reg. 13(4) of the PIT Regulations?
  - II. Whether the Noticee failed to make any disclosure as envisaged in Reg. 13(4) of the PIT Regulations? and
  - III. Does the violation, if any, attract monetary penalty under section 15A(b) of SEBI Act?
6. Before moving forward, it is pertinent to refer to the relevant provisions of PIT Regulations which reads as under:-

#### ***PIT REGULATIONS***

##### ***Continual Disclosure***

**13(4)** *Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.*

**13(5).** *The disclosure mentioned in sub-regulations (3), (4) and (4A) shall be made within two working days of:*

- (a) the receipts of intimation of allotment of shares, or*
- (b) the acquisition or sale of shares or voting rights, as the case may be.*

**FINDINGS:**

7. It is seen from the Investigation Report (hereinafter referred to as “IR”) and the relevant documents that the Noticee has sold a total of 6,242 shares of MCX during the investigation period on 4 dates viz. October 23, 2012, November 30, 2012, February 11, 2013 and June 20, 2013. As per the SCN, no disclosures under Reg. 13(4) have been made for sale of shares done on October 23, 2012 and November 30, 2012 and delayed disclosure has been made for sale of shares done on February 11, 2013.
8. It is observed from the IR that the Noticee was an “officer” as mentioned by the Code of Conduct of MCX. On perusal of the Code of Conduct it is observed that the definition of the term Officer had been modified on 2 occasions as submitted by the Noticee. Further, the Noticee has also submitted a letter dated January 3, 2013 addressed by MCX to Bombay Stock Exchange informing about the change in definition of the term “Officer”. The said letter lists the names of employees additionally covered under the definition of “Officer” after the amendment along with their shareholding on December 31, 2012. The name of the Noticee is also included in the said list.
9. It can be concluded from the amendments to the Code of Conduct and the letter dated January 3, 2013 that the Noticee became the “Officer” as per code of conduct only on January 3, 2013 and was not covered under the ambit of Reg. 13(4) prior to the said date. Hence, no disclosures were required for the sale of shares done on October 23, 2012 and November 30, 2012.

10. As regards, the sale of shares done on February 11, 2013, it is clear that the Noticee was covered under the term officer and he was supposed to make the disclosures in the prescribed format within 2 working days of sale of shares.
11. It is observed from the IR and documents available on record that the disclosures were made by the Noticee on February 18, 2013 while he was required to make the disclosures as per Reg. 13(5) on February 13, 2013. Thus, there is a delay of 3 working days in making the disclosure. However, as per the IR, it is observed that the Noticee had made the disclosure to MCX on February 13, 2018.
12. In the given facts and circumstances, it appears that the delay in disclosure was inadvertent and has not caused any harm to investors. Thus, the said delay doesn't warrant any imposition of penalty on the Noticee.

### **ORDER**

13. For the aforesaid reasons, the Show Cause Notice EAD/AO-PM/AA/OW/31637/2017 dated December 14, 2017 alleging violations of provisions of Regulation 13(4) r/w 13(5) of PIT Regulations, 1992 by the Noticee i.e. Shri Sameer Patil is disposed off without imposition of any penalty.
14. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to Noticee and also to the Securities and Exchange Board of India.

**Date: August 31, 2018**  
**Place: Mumbai**

**Prasanta Mahapatra**  
**Adjudicating Officer**