

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

**[SETTLEMENT ORDER Ref No.: Order/AP/SK/2020-21/8264]**

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**UNDER SECTION 15JB OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 23(1) OF THE SEBI (SETTLEMENT OF ADMINISTRATIVE AND CIVIL PROCEEDINGS) REGULATIONS, 2018.**

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In respect of  
Application No. 4051/2019 submitted by  
**Mr. Atul Saraogi (PAN No.: AUXPS5844D)**

**In the matter of JM Financial Limited**

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1. Securities and Exchange Board of India ("SEBI") had conducted an investigation in the matter of alleged trading by Mr. Atul Saraogi (hereinafter referred to as 'applicant') and his mother-in-law Smt. Vimla Devi Kalantri in the scrip of JM Financial Limited ("JMFL") during the period from November 01, 2013 to December 31, 2016. During the course of investigation, SEBI observed that the applicant had entered into off-market trades in the shares of JMFL as under:
  - a) Transferred 41,246 shares of JMFL through off market to Smt. Vimla Devi Kalantri on December 03, 2013; and
  - b) Acquired 41,246 shares of JMFL through off market from Smt. Vimla Devi Kalantri on October 21, 2014.
2. During investigation, JMFL vide its letter dated October 04, 2018 informed SEBI that the applicant was its designated employee (Vice President) during the relevant times under the Code of Prevention of Insider Trading framed by it in terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as "PIT Regulations") and the applicant was not in possession of any UPSI with respect to the scrip of JMFL during the relevant times. Further, JMFL provided the details of pre clearance obtained by the applicant and trading window closure period during the period November 01, 2013 to December 31, 2016.
3. However, from the details provided by the depository i.e. NSDL vide letter dated August 07, 2018, SEBI observed that the applicant had entered into two off-market transactions on December 03, 2013 and October 21, 2014 both involving 41, 246 shares of JMFL with Smt. Vimla Devi Kalantri. In this regard, it has been observed that the applicant had not obtained pre clearance from JMFL for the aforesaid two off-market trades dated December 03, 2013 and October 21, 2014. It has been further observed that JMFL had declared trading window closure period from October 14, 2014 to

November 06, 2014 and the applicant had entered into off market trades in 41,246 shares of JMFL on October 21, 2014 during this trading window closure period. In view of the said facts, it has been alleged that :-

- a) The applicant had entered into aforesaid off-market transactions in the shares of JMFL without obtaining pre-clearance of trade which is alleged to be in violation of clause 4 of Code of Conduct adopted by JMFL as required under Regulation 12(1) of the PIT Regulations; and
  - b) The applicant had entered into the off-market transaction dated October 21, 2014 during the trading window closure period which is alleged to be in violation of clause 3.5 of Code of Conduct adopted by JMFL as required under Regulation 12(1) of the PIT Regulations for trading during the trading window closure period.
4. Pursuant to above, the competent authority in SEBI was satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged violation of aforesaid PIT Regulations. Vide a *communication-order* dated May 06, 2019, the competent authority had appointed Mr. Santosh Shukla, CGM, as Adjudicating Officer (“erstwhile AO”) under section 15-I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as ‘SEBI Act’) and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as ‘SEBI Adjudication Rules’) to inquire into and adjudge under section of 15HB of the SEBI Act, 1992 for the aforesaid alleged violations. Subsequently, by a *communication-order* dated January 07, 2020, this case has been transferred to the undersigned with an advise that except for the change of the Adjudicating Officer the other terms and conditions of the original orders ‘*shall remain unchanged and shall be in full force and effect*’ and that the “*Adjudicating Officer shall proceed in accordance with the terms of reference made in the original orders*”.
5. Accordingly, in terms of rule 4(1) SEBI Adjudication Rules read with section 15I of SEBI Act, the notice to show cause no. EAD-2/SS-SKS/OW/16847/1/2019 dated July 03, 2019 (hereinafter referred to as ‘the SCN’) was issued to the applicant, by erstwhile AO, calling upon him to show cause as to why an inquiry should not be held against him in terms of rule 4 of the SEBI Adjudication Rules and penalty be not imposed under Section 15HB of the SEBI Act. The SCN was duly served upon the applicant.
6. Thereafter, the applicant proposed to SEBI to settle the instant proceedings, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed settlement application bearing reference no. 4051/2019 dated September 04, 2019 with SEBI in terms of regulations 3(1) and 3(2) of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2018 (hereinafter referred to as ‘Settlement Regulations’).

7. After attending meeting with the Internal Committee of SEBI on March 11, 2020, in terms of the Settlement Regulations, the applicant vide e-mail dated March 20, 2020, proposed the settlement terms. The High Powered Advisory Committee ('HPAC') in its meeting held on May 29, 2020, considered the settlement terms proposed and recommended the case for settlement upon payment of ₹15,05,000/- (Rupees Fifteen Lakh and Five Thousand only) towards settlement charges.
8. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on June 08, 2020 and the same was communicated by SEBI to the applicant on June 11, 2020. Subsequently, after seeking extension of time, the applicant, vide his email dated July 10, 2020, informed about the payment of ₹15,05,000/- (Rupees Fifteen Lakh and Five Thousand only) towards the settlement charges. The concerned department of SEBI vide email dated July 13, 2020 has confirmed receipt of the settlement charges.
9. Now, therefore, in view of the acceptance of the settlement terms and receipt of settlement charges as mentioned above by SEBI, the instant adjudication proceedings initiated against the applicant vide SCN dated July 03, 2019 are disposed of in terms of section 15JB of the SEBI Act, 1992 read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
10. This order shall come into force with immediate effect. Further, in terms of regulation 28 of the Settlement Regulations, this order is without prejudice to the right of SEBI to take any enforcement action including restoring or initiating the proceedings in respect to which this settlement order is passed, if:
  - a. The applicant fails to comply with the settlement order or at any time after the settlement order is passed,
  - b. The applicant has not made full and true disclosure or has violated the undertakings or waivers, settlement order shall stand revoked and withdrawn and the Board shall restore or initiate the proceedings, with respect to which the settlement order was passed.
11. In terms of regulation 25 of the Settlement Regulations, a copy of this order is sent for service to the applicant and the order is also published on the website of SEBI.

**Date: July 16, 2020**  
**Place: Mumbai**

**Amit Pradhan**  
**Adjudicating Officer**