

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

SETTLEMENT APPLICATION No.	NAME OF THE APPLICANT	PAN No.
6957/2022	MUKESH PAREKH	AAFPP9715L
6958/2022	ARCHANA MUKESH PAREKH	AGNPP2265K

**IN THE MATTER OF FRONT RUNNING TRADING ACTIVITY BY MUKESH PAREKH AND
ARCHANA MUKESH PAREKH**

1. Mr. Mukesh Parekh and Ms. Archana Mukesh Parekh (“**Applicants**”) filed settlement applications (“**Applications**”) in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (“**Settlement Regulations**”) proposing to settle by neither admitting nor denying the findings of fact and conclusions of law, through a Settlement Order, the pending enforcement proceedings initiated against them under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the SEBI Act, 1992 through Show Cause Notice bearing no. SEBI/HO/IVD/ID3/P/OW/2022/0000022372-3/1 dated May 27, 2022, for the alleged violation of Sections 12A(a), 12A(b) and 12A(c) of the SEBI Act, 1992 and Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(q) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 2003 (“**PFUTP Regulations, 2003**”).
2. The brief facts of the case are as follows:
 - 2.1 SEBI had conducted a preliminary examination to ascertain whether certain entities had been front running the trades of Tata Absolute Return Fund, a scheme of Tata AIF, a SEBI registered Alternative Investment Fund during the period of December 01, 2019 to August 10, 2020. Based on the findings of the preliminary examination, SEBI passed an *ad Interim Ex Parte Order* dated August 07, 2020 directing Mr. Mukesh Parekh and Ms. Archana Mukesh Parekh to deposit in the escrow account, the proceeds that were observed to have been made from engaging in front running the trades of Tata Absolute Return Fund.

Vide the aforesaid order, the Applicants were also restricted from accessing the securities market till further directions. The directions were confirmed by the *Confirmatory Order* dated June 30, 2021. Based on the findings in the *Interim Order* dated August 07, 2020, SEBI conducted a detailed investigation in the matter and initiated enforcement proceedings for the alleged violations as stated at paragraph 1.

- 2.2 Mr. Mukesh Parekh is the authorized representative to transact/trade on behalf of his spouse Ms. Archana Mukesh Parekh. The notice to show cause dated May 27, 2022 alleges that Mr. Mukesh Parekh had access to non-public information of the impending orders of the Tata Absolute Return Fund and on the basis of that information, trades were executed from the trading account of Ms. Archana Mukesh Parekh in the equity derivatives segment during the period of January 17, 2020 to July 31, 2020. During this period, the trades executed from the trading account of Ms. Archana Mukesh Parekh had consistently front run the impending orders of Tata Absolute Return Fund. The notice to show cause dated May 27, 2022 alleges that by virtue of the aforesaid action, the Applicants had made unlawful gains of ₹68,88,269 (Rupees Sixty Eight Lakh Eighty Eight Thousand Two Hundred and Sixty Nine only).
3. Pursuant to the receipt of the settlement applications, the authorized representatives of the Applicants had a meeting with the Internal Committee of SEBI on September 13, 2022. Thereafter, the Applicants vide letter dated September 21, 2022, proposed the revised settlement terms (“**RST**”) to settle the enforcement proceedings pending against them.
4. The matter was placed before the High Powered Advisory Committee (“**HPAC**”) in its meeting held on October 20, 2022 wherein it considered the RST proposed by the Applicants. The HPAC noted that out of total unlawful gains of ₹68,88,269 (Rupees Sixty Eight Lakh Eighty Eight Thousand Two Hundred and Sixty Nine only), the Applicants have already disgorged ₹66,00,000 (Rupees Sixty Six Lakh only) in compliance with *ad Interim Ex Parte Order* dated August 07, 2020. Therefore, the

HPAC recommended that the matter may be settled in respect of Applicants on disgorgement of remaining unlawful gains of ₹2,88,269 (Rupees Two Lakh Eighty Eight Thousand Two Hundred and Sixty Nine only) along with simple interest computed at the rate of 12% from the date of default till submission of RST, amounting to a total of ₹3,61,434 (Rupees Three Lakh Sixty One Thousand Four Hundred and Thirty Four only), and payment of ₹87,30,881 (Rupees Eighty Seven Lakh Thirty Thousand Eight Hundred and Eighty One only) as settlement amount on joint and several liability basis. The Applicants informed about the remittance of the aforesaid disgorgement amount and settlement amount on December 11, 2022. SEBI has confirmed credit of the same.

5. On the basis of the facts above stated, in exercise of the powers conferred under Section 15JB read with Section 19 of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the proceedings that have been initiated for the alleged violations as mentioned at paragraph 1 above are settled *qua* the Applicants as per the following terms:
 - i. this Order disposes of the proceedings that may be initiated for the said violations as mentioned above, in respect of the Applicants;
 - ii. SEBI shall not initiate enforcement action against the Applicants for the said violations; and
 - iii. passing of this Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate enforcement actions including commencing proceedings against the Applicants, if SEBI finds that:
 - (a) any representation made by the Applicants in the present settlement proceedings is subsequently found to be untrue;
 - (b) the Applicants have breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and
 - (c) there was a discrepancy while arriving at the settlement terms.

6. This Settlement Order is passed on this __26th__ day of December, 2022 and shall come into force with immediate effect.
7. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicants and shall also be published on the website of SEBI.

-Sd/-

ANANTH NARAYAN G.
WHOLE TIME MEMBER

-Sd/-

ASHWANI BHATIA
WHOLE TIME MEMBER