

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
Settlement Order No.: EAD-3/VSS/2019-20/ 4469

In respect of:

Shri Vivek Mehrotra
(PAN No. AAHPM4127B)

In the matter of HDFC AMC Trades II

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), pursuant to the investigation into the front running of HDFC AMC Trades-II (hereinafter referred to as “**HDFC AMC**”) had observed that Shri Vivek Mehrotra (hereinafter referred to as “**applicant**”) along with other entities acted as a group to front run HDFC AMC and defrauded HDFC AMC investors. The trades were executed in the account of the applicant and profit of Rs. 210.18 lakh was made. It was thus alleged that applicant in connivance with other entities has violated Section 12A(a), (b) and (c) of SEBI Act, 1992, Regulation 3(a), (b), (c), (d) and Regulation 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relation to Securities Market) Regulations, 2003 (hereinafter referred to as “PFUTP Regulations”).
2. Accordingly, in terms of Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) r/w Section 15-I(1) and (2) of SEBI Act, 1992 Show Cause Notice no. EAD/2/KM/8466/2014 dated March 20, 2014 (hereinafter referred to as “SCN”) was issued to the applicant to inquire into and adjudge u/s 15HA of SEBI, Act, 1992 for the aforesaid alleged violation.
3. The applicant filed a settlement application bearing reference No. 3592/2018 in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 which has been repealed and replaced with SEBI (Settlement Proceedings) Regulations, 2018 with effect from January 01, 2019 (hereinafter referred to as ‘**Settlement Regulations**’). The applicant, by his Settlement Application, proposed to settle, through a Settlement Order, the pending proceedings initiated vide the aforesaid SCN.
4. The authorized representative (hereinafter referred to as “**AR**”) of the applicant had a meeting with the Internal Committee (hereinafter referred to as “**IC**”) of SEBI on March 07, 2019.

5. Pursuant to exchange of correspondence between the Enforcement Department-2 (Settlement Division) and the applicant, vide letter dated April 17, 2019, the applicant proposed payment of Rs. 6,76,64,824/- (Rupees Six Crore Seventy Six Lakh Sixty Four Thousand Eight Hundred and Twenty Four only) towards full and final settlement of alleged default mentioned in the SCN.
6. The matter was placed before the High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) and HPAC considered the proposed settlement terms on July 30, 2019 and recommended the settlement of instant proceeding upon payment of Rs.6,76,64,824/- (Rupees Six Crore Seventy Six Lakh Sixty Four Thousand Eight and Twenty Four only) towards settlement charges.
7. The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on August 22, 2019 and the same was communicated to the applicant vide e-mail dated August 23, 2019.
8. The applicant vide e-mail dated September 09, 2019 communicated that online payment of Rs. 6,76,64,824/- (Rupees Six Crore Seventy Six Lakh Sixty Four Thousand Eight and Twenty Four only) has been made by way of RTGS, towards the settlement charges. The said remittance has been confirmed by SEBI (Treasury and Accounts Division) vide e-mail dated September 11, 2019.
9. Accordingly, in terms of Regulation 23(1) and Regulation 28 read with Regulation 34 of the Settlement Regulations, it is hereby ordered that instant adjudication proceedings initiated against the applicant vide SCN dated March 20, 2014 are settled and disposed of as per the above settlement terms.
10. This order is without prejudice to the right of SEBI to take enforcement actions including restoring or initiating the proceedings in respect to which the settlement order is passed against the applicant, if:
 - a. any representations made by the applicant in the settlement proceedings are subsequently found to be untrue; or
 - b. the applicant breaches any of the clauses/conditions of undertakings/waivers filed during the current settlement proceedings.

11. This settlement order shall come into force with immediate effect. In terms of Regulation 25 of the Settlement Regulations, copy of this order is sent to the applicant and shall also be published on the website of SEBI.

Place: Mumbai
Date: September 17, 2019

V.S. SUNDARESAN
ADJUDICATING OFFICER