

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On Application No.3469/2018 and 3800/2018

filed by **Sharekhan Ltd. (PAN AAEC5096H)**

in the matter of Front Running by Manish Chaturvedi and others

-
1. Sharekhan Ltd. (hereinafter referred to as ‘applicant’) filed two settlement applications in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 which is repealed and replaced with SEBI (Settlement Proceedings) Regulations, 2018 with effect from January 01, 2019 (hereinafter referred to as ‘Settlement Regulations’). The applicant, in its applications, without admitting or denying the findings of fact and conclusions of law, proposed to settle, through a settlement order, the proceedings under Section 11B of the SEBI Act, 1992 which were initiated vide Show Cause Notice dated February 09, 2017 and adjudication proceedings which were initiated, but show cause notice is yet to be issued. Both the proceedings under Section 11B of the SEBI Act, 1992 and adjudication were initiated for the alleged violation of Section 12A(a), (b) and (c) read with Reg. 3(a), (b), (c), (d), 4(1) and 4(2)(q) of SEBI (Prohibition Of Fraudulent And Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and Clause A(3), A(4) and Clause B(3) of Code of Conduct under Schedule II read with Regulation 9 of SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992.
 2. SEBI carried out an investigation related to front running of trades of the Sterling Group. Investigation revealed that certain entities were front-running the trades of Sterling group. It is alleged that: a) the applicant indulged in front-running activity through its proprietary trading account thereby making personal gains, and b) facilitated certain frontrunners to carry out the front-running activity disregarding the alerts received from the stock exchange and allowed improper use of information of confidential nature of clients by the dealers.
 3. Pursuant to the applications, the authorized representatives of the applicant had a meeting with the Internal Committee of SEBI on January 28, 2019 wherein the settlement terms were deliberated. Thereafter, the applicant, vide letter dated February 08, 2019, proposed the revised settlement terms to settle the defaults mentioned above.

4. The High Powered Advisory Committee ('HPAC') in its meeting held on March 04, 2019 considered the settlement terms proposed and recommended the applications for settlement upon payment ₹2,93,25,000/- (Rupees Two Crore Ninety Three Lakh Twenty Five Thousand only) as settlement amount. The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC on March 29, 2019 and the same was communicated to the applicant vide e-mail dated April 04, 2019.
5. The applicant vide Demand Draft No. 407073 dated April 08, 2019 drawn on HDFC Bank has remitted an amount of ₹2,93,25,000/- (Rupees Two Crore Ninety Three Lakh Twenty Five Thousand only) towards settlement charges.
6. In view of the above, in exercise of the powers conferred under Section 15JB of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 and 28 read with Regulation 34 of the Settlement Regulations, it is hereby ordered that:
 - i. the proceedings under Section 11B of the SEBI Act, 1992 along with the adjudication proceedings for the alleged default as discussed in paragraph 1 above, are settled *qua* the applicant as per the above terms,
 - ii. SEBI shall not initiate any enforcement action against the applicant for the said default,
 - iii. this order disposes of the said the proceedings under Sections 11B of the SEBI Act, 1992 and the adjudication proceedings in respect of the applicant as mentioned above and;
 - iv. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicant, if SEBI finds that:
 - a. any representation made by the applicant in the present settlement proceedings is subsequently discovered to be untrue;
 - b. the applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.
7. This settlement order is passed on this 23rd day of April, 2019 and shall come into force with immediate effect.
8. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and shall also be published on the website of SEBI.

-Sd-

S.K. MOHANTY

WHOLE TIME MEMBER

-Sd-

ANANTA BARUA

WHOLE TIME MEMBER