

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
(Application No. 6492/2021)**

**On the application submitted by
IIFL Wealth Management Limited (PAN: AABCI8294C)
Settlement Order No.: SO/PM/GD/2022-23/6492**

1. Securities and Exchange Board of India (hereinafter referred to as **SEBI**) conducted an examination of block deals to *inter alia* check any manipulation of reference price considered for execution of block deal trades in the scrip of Alkem Laboratories Ltd. (hereinafter referred to as **Alkem/Company**) to examine the violations of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **SEBI Act, 1992**), Rules, Regulations, if any, during the period during the period April 1, 2019 to September 30, 2019 (hereinafter referred to as **IP**). The Company is listed on Bombay Stock Exchange (**BSE**) and National Stock Exchange (**NSE**) during the IP. It was observed that in the said block deal Prasad UNO Family Trust (**PUFT**) sold its stake in Alkem through block deal during afternoon window and also sold 92000 shares of Alkem in cash segment on same day during 13:45 to 14:00 hrs i.e. Volume Weighted Average Price (VWAP) Period which was 83.76% of shares traded during the VWAP period. The trade price before PUFT's sell order was around INR 1,760.70. PUFT put the limit sell order at INR 1,700 resulting in the VWAP at Rs.1,725.70. The same VWAP was later considered by PUFT to sell 36.60 Lakh shares of Alkem through block deal at a price of Rs.1708.45 per share for 34.60 Lakh shares. It was observed that two (2) entities viz. IIFL Wealth Management Ltd. (hereinafter referred to as **Noticee /IIFL Wealth**) registered with SEBI in the capacity of stock brokers having registration number INZ000011437 and IIFL Securities Ltd. (hereinafter



referred to as **IIFL Securities**) registered with SEBI in the capacity of stock brokers having registration number INZ000164132 (collectively known as Noticees) have knowingly manipulated the reference price of Alkem for block deal during afternoon window i.e. VWAP price for the period 13:45 to 14:00 hrs on August 22, 2019 and thereby violated sections 12A(a), (b), (c) of the SEBI Act, 1992 and regulations 3(a),(b),(c),(d) and regulations 4(1) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market Regulations), 2003 (hereinafter referred to as **PFUTP Regulations, 2003**) and clauses A(1), A(2) A(3) & A(4) of Code of Conduct prescribed under Schedule II read with (r/w) regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as **Stock Brokers Regulations, 1992**). Accordingly, SEBI initiated adjudication proceedings against the Noticees for the aforesaid alleged violation of PFUTP Regulations, 2003 and Stock Brokers Regulations, 1992.

2. The undersigned has been appointed as the Adjudicating Officer, under section 15-I of the SEBI Act, 1992 r/w rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (herein after referred to as **Adjudication Rules, 1995**) to inquire into and adjudge under sections 15HA and 15HB of the SEBI Act, 1992 r/w regulation 25(i), 26(xi) and 26(xvi) of Stock Brokers Regulations, 1992, the alleged violation of sections 12A(a), (b), (c) of the SEBI Act, 1992 and regulations 3(a),(b),(c),(d) and regulations 4(1) and 4(2)(e) of PFUTP Violations, 2003 and clauses A(1), A(2) A(3) & A(4) of Code of Conduct prescribed under Schedule II read with (r/w) regulation 9(f) of Stock Brokers Regulations, 1992. The same was conveyed to the undersigned vide communique dated March 30, 2021.
3. A Show Cause Notice ref. SEBI/EAD-8/PM/SM/8843/2/2021 dated April 16, 2021 (hereafter referred to as **SCN**) was issued to the Noticee in terms of the provisions of rule 4 of the Adjudication Rules, 1995 requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on it under section 15HA and 15HB of the SEBI



Act, 1992, for the alleged violations of sections 12A(a), (b), (c) of the SEBI Act, 1992 and regulations 3(a),(b),(c),(d) and regulations 4(1) and 4(2)(e) of PFUTP Violations, 2003 and clauses A(1), A(2) A(3) & A(4) of Code of Conduct prescribed under Schedule II read with (r/w) regulation 9(f) of Stock Brokers Regulations, 1992. It is alleged in the SCN that the Noticees in order to meet their commitment given to both the seller and the buyers, knowingly traded between 13:45:00 to 14:00:00 hrs. and contributed 25.86% & 18.89% to negative LTP and 75.38% & 53.74% to NLP on BSE and NSE respectively and indulged in malpractice and influenced and manipulated the VWAP price i.e. the reference price for block deal during afternoon window.

4. Pending Adjudication Proceedings, the Noticee (applicant) proposed to settle the instant proceedings initiated against it, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed a settlement application with SEBI having ref. 6492/2021 dated June 07, 2021, in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as '**Settlement Regulations**').
5. After attending meeting with the Internal Committees of SEBI on September 23, 2021, February 22, 2022 and April 11, 2022 in terms of the Settlement Regulations, thereafter the applicant had submitted fresh RST on April 13, 2022. The High Powered Advisory Committee (hereinafter referred to as 'HPAC') in its meeting held on May 10, 2022, considered the settlement terms proposed and recommended that the case may be settled upon payment of 3,12,64,858/- (Rupees Three Crore Twelve Lakh Sixty Four Thousand Eight Hundred and Fifty Eight only) by the applicant as settlement amount towards the settlement terms.
6. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on June 07, 2022 and the same was communicated by SEBI to applicant on June 14, 2022. Subsequently as per the recommendations, the applicant vide email dated July 04, 2022 informed



that the settlement amount of Rs. 3,12,64,858/- was remitted by way of online transfer.

7. Therefore, in view of the acceptance of the settlement terms and the receipt of settlement amount as above by SEBI, the instant adjudication proceedings initiated against the Noticee vide SCN dated April 16, 2021 are disposed of in terms of Section 15JB of the SEBI Act read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
8. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the applicant, if:
 - i. any representations made by the applicant in the settlement proceedings is subsequently found to be untrue; or
 - ii. the applicant breaches any of the clauses / conditions of undertakings / waivers filed during the current settlement proceedings.
9. This settlement order is passed on the **July 08, 2022** and shall come into force with immediate effect.
10. In terms of Regulation 25 of the Settlement Regulations, copies of this order are being sent to the applicant viz. IIFL Wealth Management Limited and also to the Securities and Exchange Board of India.



Place: Mumbai

Date: July 08, 2022

**PRASANTA MAHAPATRA
ADJUDICATING OFFICER**