

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4154
ANSWERED ON:22.03.2013
INSIDER TRADING
Ahir Shri Hansraj Gangaram;Mohan Shri P. C.

Will the Minister of FINANCE be pleased to state:

- (a) the number of cases relating to insider trading in the merger of companies and present status of each of such case during the last three years;
- (b) whether Securities and Exchange Board of India (SEBI) has prohibited to resolve the issues through consent order in the light of insider trading by a number of corporate houses/companies in the country; and
- (c) if so, the details thereof and alternative action proposed in this regard to protect /safeguard the interests of the investors?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): Details of investigation for insider trading relating to merger of companies is given in the table below:

| | April 01, 2010- March 31, 2011 | April 01,2011- March 31, 2012 | April OK 2012- March 18,2013 |
|--|-----------------------------------|----------------------------------|---------------------------------|
| Investigation for Insider Trading relating to merger of companies. | 1 | 0 | 0 |

On the case pertaining to the time period April 01, 2010 - March 31, 2011. adjudication proceedings were initiated on April 23. 2010 against the erring entities, for violation of Regulation 3 of SEBI (Prohibition of Insider Trading) Regulations, 1992.

(b): As per the Securities and Exchange Board of India (SEBI) circular dated 25.05.2012, SEBI shall not settle the defaults pertaining to Insider trading i.e. violation of Regulation 3 and 4 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 through consent orders. However, based on the facts and circumstances of the case, the High Powered Advisory Committee (HPAC) /Panel of Whole Time Members (WTMs) may recommend settlement of the default.

(c): In terms of the Circular dated 25th May 2012, the consent applications filed by certain entities in respect of the alleged violation of Regulation 3 of the SEBI (Prohibition of Insider Trading) Regulations. 1992 were rejected by SEBI. Pursuant to the rejection of the said consent applications, pending enforcement actions against the said entities have resumed.