

APPEARANCE BEFORE SEBI & SAT

**Presentation by
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Practising Company secretary**

Securities Appellate Tribunal (SAT)

- ▶ The Central Government may, by notification establish an Appellate Tribunal known as Securities Appellate Tribunal to exercise the jurisdiction, powers and authority conferred on such tribunal under the SEBI Act, 1992 or any other law for time being in force. The Central Government has set up a Tribunal at Mumbai.
- ▶ Securities Appellate Tribunal is a statutory body established under the provisions of Section 15K of the Securities and Exchange Board of India Act, 1992 to hear and to dispose appeals against orders passed by the Securities and Exchange board of India or by an adjudicating officer under the Act.

POWERS OF SAT

- ▶ Enforce and summon the attendance of any person
- ▶ Require the discovery and production of documents or witness
- ▶ Issue commissions for the examination of the documents
- ▶ Dismiss an application for default or deciding it ex-parte
- ▶ Set aside any order or dismissal of any application for default or any other passed by it ex-parte
- ▶ Any other matter as and when prescribed

Right to legal representation.

SECTION 15V OF SEBI ACT, 1992 AND SECTION 22C OF SECURITIES CONTRACT (REGULATION) ACT, 1956

- ▶ The appellant may either appear in person or authorise one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of its officers to present his or its case before the Securities Appellate Tribunal.

Dress code for a CS appearing before judicial/ quasi judicial bodies and tribunals

► For Male Members

- a) Navy Blue Suit (Coat and Trouser), with CS logo, Insignia OR Navy Blue Blazer over a sober colored Trouser
- b) Neck Tie (ICSI)
- c) White full sleeve Shirt
- d) Formal Black Leather Shoes (Shined)

► For Female Members

- a) Navy Blue corporate suit (Coat and Trouser), could be with a neck tie/ Insignia OR
- b) Saree/ any other dress of sober colour with Navy Blue Blazer with CS logo
- c) A sober footwear like Shoes/ Bellies/ Wedges, etc (shined)

► Members in employment- Same as prescribed above

SEBI REGULATIONS

Sr. No	Name of the Regulation
1.	SEBI (Prohibition of Insider Trading) Regulations, 2015
2.	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011
3.	SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003
4.	SEBI (Stock Broker) Regulations, 1992
5.	SEBI (Registrar to Issue and Share Transfer Agents) Regulations, 1993
6.	SEBI (Merchant Banker) Regulations, 1992
7.	SEBI (Mutual Funds) Regulations, 1996
8.	SEBI (Portfolio Managers) Regulations, 2020
9.	SEBI (Investments Advisors) Regulations, 2008

SEBI REGULATIONS

Sr. No	Name of the Regulation
10.	SEBI (Intermediaries) Regulations, 2008
11.	SEBI (Depositories and Participants) Regulations, 2018
12.	SEBI (Buy- Back of Securities) Regulations, 2018
13.	SEBI (Banker to an Issue) Regulations, 1994
14.	SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015
15.	SEBI (Issue of Capital and Disclosure requirements) Regulations, 2015
16.	SEBI (Custodian) Regulations, 1996
17.	SEBI (Debenture Trustee) Regulations, 1993
18.	SEBI (Collective Investment Scheme) Regulations, 1999
19.	SEBI (Delisting of Equity Shares) Regulations, 2009

- ▶ Section 11- Functions of the Board
- ▶ Section 11A- Board to regulate or prohibit issue of prospectus, offer document or advertisement soliciting money for Issue of Securities
- ▶ Section 11AA- Collective Investment Scheme
- ▶ Section 11B- Power to Issue Directions
- ▶ Section 11C- Investigation
- ▶ Section 11D- cease and desist proceedings

▶ PENALTIES AND ADJUDICATION

- ▶ 15A. Penalty for failure to furnish information, return, etc.
- ▶ 15B. Penalty for failure by any person to enter into agreement with clients
- ▶ 15C. Penalty for failure to redress investors' grievances
- ▶ 15D. Penalty for certain defaults in case of mutual funds
- ▶ 15E. Penalty for failure to observe rules and regulations by an asset management company
- ▶ 15EA. Penalty for default in case of alternative investment funds, infrastructure investment trusts and real estate investment trusts.
- ▶ 15EB. Penalty for default in case of investment adviser and research analyst

- ▶ 15F. Penalty for default in case of stock brokers
- ▶ 15G. Penalty for insider trading
- ▶ 15H. Penalty for non-disclosure of acquisition of shares and takeovers
- ▶ 15HA. Penalty for fraudulent and unfair trade practices 15HAA. Penalty for alteration, destruction, etc., of records and failure to protect the electronic database of Board.
- ▶ 15HB. Penalty for contravention where no separate penalty has been provided
- ▶ 15-I. Power to adjudicate
- ▶ 15J. Factors to be taken into account by the Adjudicating Officer
- ▶ 15JA. Crediting sums realised by way of penalties to Consolidated Fund of India
- ▶ 15JB. Settlement of administrative and civil proceedings

- ▶ 15T. Appeal to the Securities Appellate Tribunal
- ▶ 15U. Procedure and powers of the Securities Appellate Tribunal
- ▶ 15V. Right to legal representation
- ▶ 15W. Limitation
- ▶ 15X. Presiding Officer, members and staff of Securities Appellate Tribunals to be public servants
- ▶ 15Y. Civil Court not to have jurisdiction
- ▶ 15Z. Appeal to Supreme Court

Section 19-Delegation

Section 20- Appeals

- ▶ 24B. Power to grant immunity
- ▶ 26C- Appeal and Revision
- ▶ 28A. Recovery of amounts
- ▶ 28B. Continuance of proceedings
- ▶ 29. Power to make rules
- ▶ 30. Power to make regulations

Securities Appellate Tribunal (Procedure) Rules, 2000

Rule 4 - Form and Procedure of Appeal

- ▶ Memorandum of Appeal shall be in the Form Specified and shall be presented before the registry of Appellate Tribunal within whose jurisdiction his case falls or shall be sent by the registered post address to the Registrar.
- ▶ A memorandum of Appeal sent by post shall be deemed to have been presented in the registry on the day it was received in the registry.

Rule 7- Appeal to be in writing

- ▶ Every Appeal, Application, Representation, Reply or any document shall be typewritten and printed neatly and legibly on one foolscap paper and separate sheets shall be stitched together and every page shall be consecutively numbered.
- ▶ Appeal shall be presented in five sets in a paper book along with an empty file size envelope bearing the full address of the Respondent, if there are more than one respondents then sufficient number of extra paper books together with empty file size envelope bearing full address of each of the respondent shall be furnished by the Appellant

Form (See rule 4) Memorandum of Appeal

For use in Appellate Tribunal's Office

Date of presentation in the Registry

Date of receipt by post

Registration Number

Signature

Registrar

Before the Securities Appellate Tribunal

In the matter of the Securities and Exchange Board of India Act, 1992 (15 of 1992)

and

In the matter of appeal against the order made on by

A.B. Appellant

C.D. and other- Respondent(s)

Details of appeal:

1. Particulars of the appellant:

- i) Name of the appellant
- ii) Address of registered office of the appellant
- iii) Address of service of all notices
- iv) Telephone/Fax Number and e-mail address, if any

2. Particulars of the respondent(s)

- i) Name of the respondent(s)
- ii) Office address of the respondent(s):
- iii) Address of respondent(s) for service of all notices:
- iv) Telephone/Fax Number and e-mail address, if any:

Jurisdiction of the Appellate Tribunal.

3 . The appellant declares that the matter of appeal falls within the jurisdiction of the Appellate Tribunal.

Limitation.

4. The appellant further declares that the appeal is within the limitation as prescribed in section 15W of the Securities and Exchange Board of India Act, 1992

5. Facts of the case and the details of the order against which appeal is filed:

The facts of the case are given below:

(Give here a concise statement of facts and grounds of appeal against the specified order in a chronological order, each paragraph containing as neatly as possible as separate issue, fact or otherwise.)

Relief(s) sought.

6. In view of the facts mentioned in Paragraph 5 above, the appellant prays for the following relief(s) [Specify below the relief(s) sought explained the grounds for relief(s) and the legal provisions, if any, relied upon].

Interim order, if prayed for

7. Pending final decision of the appeal the appellant seeks issue of the following interim order: (Give here the nature of the interim order prayed for with reasons.)

Matter not pending with any other court etc.

8. The appellant further declares that the matter regarding with this appeal has been made is not pending before any court of law or any other authority or any other Tribunal.

9. Particulars in respect of the fee paid in terms of Rule 9 of these rules.—

- i) Amount of fees
- ii) Name of the Bank on which Demand Draft is drawn
- iii) Demand Draft number

Details of Index.

10. An index containing of details of the documents to be relied upon is enclosed.

11. List of enclosures.—

(Signature of the appellant/ Authorised Representative)

Verification

I,(Name in block letters) son/
daughter/ wife of.....
Shri..... being the appellant/ Authorised
Representative of (Name of the
appellant) do hereby verify that the contents of Paras 1 to 11 are true to my
personal knowledge and belief and that I have not suppressed any material
facts.

Signature of the appellant/ Authorised Representative

Place:

Date:

Rule 9- Fees

- Every memorandum of Appeal shall be accompanied with a fee provided under Rule 9(2) of Securities Appellate Tribunal (Procedure) Rules, 2000.
- The amount of fee payable in respect of appeal against adjudication orders made under Chapter VIA of the SEBI Act, 1992 shall be as follows.

Amount of Penalty Imposed	Amount of fees payable
Less than rupees ten thousand	Rs.500
Rupees the thousand or more	Rs.1200 but less than one lakh
Rupees one lakh or more	Rs.1200 plus Rs.500 for every additional one lakh of penalty or fraction thereof, subject to maximum of Rs.1,50,000

- Amount of fee payable in respect of any other appeal against an order of the Board under the Act shall be rupees five thousand only.

Rule 10 - Contents of Memorandum of Appeal.

- Every Memorandum of Appeal shall contain precisely the Grounds of the Appeal without any argument or narrative and such ground shall be numbered consecutively.
- It shall not be necessary to present separate memorandum of Appeal to seek interim order or direction if in the memorandum of appeal, the same is prayed for.

Rule 11 - Documents to accompany Memorandum of Appeal:

- Every memorandum of appeal shall be in five copies and shall be accompanied with the copies of the order, at least one of which shall be a certifies copy against which the appeal is filed.
- Where a party is represented by an Authorised Representative, a copy of the Authorisation to act as the Authorised Representative and the written consent thereto by the Authorised Representative shall be appended to the appeal

Rule 13- Notice of appeal to the Respondent

- A copy of the memorandum of Appeal and paper book shall be served by the Registrar on the Respondent as soon as they are registered in the registry, by hand delivery or by Registered post or Speed post.

Synchronized trading

SEBI suspected manipulation in the trading of Futures & Options segment (F&O), and found that the company and some other firms had undertaken fictitious trades.

▶ Order of Adjudicating Officer

According to the A.O., a manipulative/deceptive device had been used for synchronization and reversal of trades and the trades were essentially fraudulent/fictitious in nature and resulted in creating a misleading appearance of active trading in those securities.

▶ Judgement of SAT

However, the Order was struck down by the Securities Appellate Tribunal (SAT) in 2011 on grounds that synchronization and reversal of trades effected by the parties with a significant price difference, some in a few seconds and majority, in any case, on the same day had no impact on the market, had not affected the NIFTY index in any manner nor induced investors. SAT held that such trades are illegal only when they manipulate the market in any manner and induce investors.

Synchronized trading

► Judgement of Supreme Court

It was held that the trade reversals in the instant case amply demonstrated that the parties did not intend to transfer beneficial ownership through these transactions. Rather, the repeated reversals adversely affected the price discovery system, deprived other market players from participating in the trades, were a misuse of market mechanism and therefore violative of transparent norms of trading in securities.

Considering the perfect matching of quantity, price and time and sale in the impugned transactions, parties being persistent in the number of such trade transactions with huge price variations (without any major variation in the price of the underlying securities) wherein one party repeatedly booked profits whilst the other repeatedly incurred losses, the Supreme Court noted that it would be too naïve to hold that such transactions were by mere coincidence.

Self-Trades

Self-trades are trades executed on the stock market in which the same entity is both buyer and seller. These trades do not represent a real change in beneficial ownership of the security. Hence, they are per se illegal, wrongful and in violation of securities laws. The same can be observed from plethora of judgments, such as in [Balwinder Singh v. SEBI](#) (2013), where the Securities Appellate Tribunal (“SAT”) observed that self-trades(or wash-trades) are per se not allowed under Securities and Exchange Board of India Act, 1992 (the “SEBI Act”) and regulations made thereunder. In [Chirag Tanna v. The Adjudicating Officer](#) (2013), the SAT held that self-trades are, admittedly, fictitious and create artificial volumes in the traded scrip. In [Triumph International Finance Ltd v. SEBI](#) (2007), the SAT observed that self-trades were fictitious because the buyer and the seller were the same. Further, in [Systematix Shares & Stocks \(India Limited v. SEBI\)](#) (2012), the SAT observed that trades, “where beneficial ownership is not transferred, are admittedly manipulative in nature.” In [HJ Securities Pvt Ltd v. SEBI](#) (2012), the SAT even made the observation that simply because the number of such self-trades is not large by itself cannot justify execution of self-trades.

Self-Trades

► Policy of SEBI

In [Crosseas Capital Services Pvt. Ltd. v. SEBI](#), in which SAT clubbed 11 appeals, SEBI's representative stated that SEBI has decided to have a fresh look into these matters, due to which the cases were restored to the file of Whole Time Member, SEBI. Pursuant to these developments, SEBI came out with its [new policy](#) dated May 16, 2017 (the "Policy") by which it was observed that intention is a *sine qua non* for establishing manipulation in case of self-trades, and that accidental or unintentional self-trades are not covered under the [SEBI \(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets\) Regulations, 2003](#) (the "PFUTP Regulations"). Further, it was observed that in all matters of self-trade, an assessment has to be made regarding whether the said trade was intentional or unintentional on the basis of supporting evidence, and that the manipulation caused by indulging in self-trades should be clearly brought out.

Self-Trades

► Cases after the Policy

SEBI has passed certain orders after it came out with the Policy, and in which the Policy has been considered and applied. These are in the matters of [Aster Silicates Ltd.](#) and [Unitech Limited](#) in which the Adjudicating Officer quoted the Policy and, while observing that the volume of self-trades is less than 1% of the total volume and the impact of self-trades on LTP is not significant on daily basis, dropped the proceeding against the notices.

SEBI(settlement proceedings) regulations, 2018

The Capital Market Regulator- Securities and Exchange Board of India (SEBI) observed that out of 21,652 entities that executed trades on BSE Stock Options Segment, a total of 14,720 entities were involved in generation of artificial volume by executing non-genuine/ reversal trades on the same day and out of the 14,720 entities involved in generation of artificial volumes by executing non-genuine/ reversal trades.

An analysis of the stock options segment of Bombay Stock Exchange (BSE) for the period April 1, 2014 to September 30, 2015 was carried out. It was observed that there were several entities who consistently made significant losses, whereas there were others who consistently made significant profit by executing reversal trades in stock options on the BSE. Meanwhile, the Hon'ble SAT vide its Order dated October 14, 2019 in the matter of RS Ispat Ltd Vs SEBI, has *inter alia* directed as follows: “...We are adjourning this matter today, so that SEBI may consider holding a Lok Adalat or adopting any other alternative dispute resolution process with regard to the Illiquid Stock Options.”

SEBI (settlement proceedings) regulations, 2018

With the aforesaid background, the SEBI has decided to introduce a Settlement Scheme (“the Scheme”) in terms of Regulation 26 of [SEBI \(Settlement Proceedings\) Regulations 2018](#). The Scheme proposes to provide a onetime settlement opportunity to the entities that have executed trade reversals in the stock options segment of BSE during the period from April 1, 2014 to September 30, 2015 against whom any proceedings are pending.

► Validity of the Scheme:

Onetime settlement period commenced on **August 01, 2020** and ended on **October 31, 2020** (both days inclusive) which was further extended till **December 31, 2020** vide notice dated **October 31, 2020**

SCHEME ISSUED BY THE SECURITIES EXCHANGE BOARD OF INDIA ON 27TH JULY, 2020.

The Securities Exchange Board of India has introduced a Settlement Scheme, 2020 (hereinafter called and referred to as “the Scheme”) vide Public Notice dated July 27, 2020 in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations 2018 (hereinafter called and referred to as the “Settlement Regulations”). The purpose of the Scheme is to provide a one-time opportunity for settlement to the entities that have executed reversal trades in the stock options segment of BSE during the period from April 1, 2014 to September 30, 2015 against whom any proceedings are pending. Under the Scheme, an entity desirous of making an application for one-time settlement under the Scheme has been provided with an opportunity to submit a settlement application along with an application fee of Rs. 25,000/- in case of body corporates and Rs. 15,000/- in case of other than body corporates in the specified format, available on the SEBI website and also on the BSE website. The settlement application should be sent in physical copy to SEBI along with undertakings and waivers (duly notarised and stamped duty duly paid in Non-judicial stamp paper), a self-attested copy of the PAN Card and the ITRs for the last 3 years.

▶ SCHEME ISSUED BY THE SECURITIES EXCHANGE BOARD OF INDIA ON 19TH JULY, 2022

- ▶ The Securities and Exchange Board of India has introduced a Settlement Scheme, 2022 (“the Scheme”) vide Public Notice dated August 19, 2022. The purpose of the Scheme is to provide an opportunity for settlement to the entities who have executed reversal trades in the illiquid stock options segment of BSE between April 1, 2014 to September 30, 2015, and against whom proceedings have been initiated and are pending before any forum or authority, viz. Courts/ Securities Appellate Tribunal (“SAT”), Adjudicating Officer and Recovery Officer (provided an appeal has been filed and the same is pending before the SAT/Court). An entity desirous of availing settlement under the Scheme would be required to submit a settlement application along with an application registration fee of Rs. 25,000/- + GST @18% in case of body corporates and Rs. 15,000/- + GST @18% in case of individuals in the specified format, available on the respective websites of SEBI and BSE. The application form shall be uploaded and the payment of application fee and the settlement amount shall be made, using the online link provided for the purpose. There shall be no requirement for submitting any physical documents.

PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES

RELATING TO THE SECURITIES MARKET

3. Prohibition of certain dealings in securities No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.

▶ **4. Prohibition of manipulative, fraudulent and unfair trade practices**

- ▶ (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- ▶ (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely :
- a. indulging in an act which creates false or misleading appearance of trading in the securities market;
 - b. dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or Page 4 of 11 cause fluctuations in the price of such security for wrongful gain or avoidance of loss;
 - c. advancing or agreeing to advance any money to any person thereby inducing any other person to offer to buy any security in any issue only with the intention of securing the minimum subscription to such issue;
 - d. paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;
 - e. any act or omission amounting to manipulation of the price of a security;
 - f. publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

11. (1) The Board may, without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) of section 11 and section 11B of the Act, by an order, for reasons to be recorded in writing, in the interests of investors and securities market, issue or take any of the following actions or directions, either pending investigation or enquiry or on completion of such investigation or enquiry, namely:—

- (a) suspend the trading of the security found to be or prima facie found to be involved in fraudulent and unfair trade practice in a recognized stock exchange;
- (b) restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities;
- (c) suspend any office-bearer of any stock exchange or self-regulatory organization from holding such position;
- (d) impound and retain the proceeds or securities in respect of any transaction which is in violation or prima facie in violation of these regulations;

- ▶ (e) direct and intermediary or any person associated with the securities market in any manner not to dispose of or alienate an asset forming part of a fraudulent and unfair transaction;
- ▶ (f) require the person concerned to call upon any of its officers, other employees or representatives to refrain from dealing in securities in any particular manner;
- ▶ (g) prohibit the person concerned from disposing of any of the securities acquired in contravention of these regulations;
- ▶ (h) direct the person concerned to dispose of any such securities acquired in contravention of these regulations, in such manner as the Board may deem fit, for restoring the status quo ante.

- ▶ Manner of service of summons and notices issued by the Board.

11A. A summons or notice issued by the Board under these regulations may be served in the manner provided in regulation 22 of the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002.]

12A. Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

No person shall directly or indirectly—

- ▶ (a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognised stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;
- ▶ (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;
- ▶ (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

- ▶ (d) engage in insider trading;
- ▶ (e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;
- ▶ (f) acquire control of any company or securities more than the percentage of equity share capital of a company whose securities are listed or proposed to be listed on a recognised stock exchange in contravention of the regulations made under this Act.

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side of the frame, creating a dynamic, modern aesthetic. A solid light blue rectangle is positioned in the center-left, serving as a backdrop for the text.

THANK YOU