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Working paper

Balancing Power and Accountability: An Evaluation of SEBIs Adjudication of Insider Trading

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Abstract

The paper evaluates the Securities Exchange Board of India's (SEBI) orders on insider trading matters over a 15-year period, and the performance of the orders in appeal before the Securities Appellate Tribunal (SAT). The paper develops an evaluation framework based on elements of the rule of law applicable to regulatory adjudication and finds that in a large number of orders SEBI does not follow the standards laid down in its own laws. The paper also evaluates how these orders have fared at the Securities Appellate Tribunal (SAT), and finds an overall appeal rate between 30-38%. This is likely to be higher as orders appealed in more recent years will not have been completed, and hence the data on them is unavailable. Once appealed almost 54% of sanctions are modified. The frequent setbacks suggest that SEBI may need to rethink its approach to enforcement.

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1 Introduction

In recent years, the Securities and Exchange Board of India (SEBI) has shown a marked increase in its focus on insider trading cases. Insider trading, the practice of trading on non-public, material information, is considered to undermine the fairness of the market and erode investor confidence. SEBI's intensified enforcement efforts signal its resolve to clamp down on such activities. Expanding enforcement actions should prompt a deeper examination of how effectively SEBI is performing this function vis-a-vis the "rule of law". Are these actions transparent, and in line with the principles of natural justice? Are they likely to be perceived as arbitrary or inconsistent? How well do they fare in appeal? Adherence to the rule of law by the regulator promotes transparency, creates a stable and predictable environment for businesses and individuals and builds public trust in the regulatory system. No reliable material, supported by empirical evidence, has been published as yet to demonstrate whether SEBI indeed acts in accordance with the rule of law in the exercise of its adjudicatory powers.

A comprehensive analysis of a regulator's actions can only commence once credible data on its decisions is established. At present, this data is not available. The paper addresses this gap by creating a dataset based on a comprehensive review of all insider trading orders issued by SEBI between September 2009 and July 2023. The paper then presents an overview of SEBI's enforcement on insider trading. This includes the number of cases over the years, the number and type of sanctions, the amounts sanctioned, the nature of insider trading relationships and the type of offense.

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Regulatory actions need to be evaluated on benchmarks grounded in legal theory and the extant legislative framework. The paper, therefore, develops criteria to evaluate how the regulator is faring on procedural and substantive rule of law measures. The measures are based on four sources: the statute, the Securities and Exchange Board of India Act, 1992 (SEBI Act), which outlines its powers and responsibilities, including the conduct of investigations, the imposition of penalties, and the adjudication of disputes; sebi's regulations and guidelines that offer detailed procedural norms that must be followed during enforcement; case law; and a fundamental component of the rule of law in the formalist sense (e.g., no one can be punished unless there has been a clear breach of law). The paper is careful to not examine whether the rationale or arguments provided by SEBI are appropriate or sufficient, but only whether they are present at all in the order.

The paper examines whether SEBI's enforcement actions align with these benchmarks. The paper finds that in a large number of orders SEBI does not follow the standards laid down

in its own laws. For example in 51% of cases where SEBI has imposed a sanction, either the exact nature of the violation, or the insider-connection, or components that help arrive at a penalty amount have not been established. In 55% of cases, the penalty has been ordered but the interest rate has not been specified. Further, 86% of orders do not cite any previous orders.

Finally, the paper evaluates how these orders have fared at the Securities Appellate Tribunal (SAT). The paper finds an overall appeal rate between 30-38%. This is likely to be higher as appeal proceedings for orders appealed in more recent years will not have been completed, and hence the data on them is unavailable. Once appealed, there is a 50% likelihood that the appeal will be allowed or the matter will be remanded. A significant number of orders being overturned or modified by SAT, indicates potential weaknesses in SEBI's enforcement strategy. The frequent setbacks suggest that SEBI may need to rethink its approach to enforcement.

The results of the paper suggest that there are considerable gaps in SEBI's performance on its quasi-judicial function, and specifically in its order-writing process. This assumes greater importance in the case of SEBI as there is no clear separation of powers. Often, regulators see their role as sending signals to the market through enforcement actions, and do not see themselves as playing a "quasi-judicial" role. However, regulatory sanctions can have deep and lasting impacts upon market participants' ability to continue participating in the market. If such sanctions are applied inconsistently across similar situations, severe in some cases, lenient in others, and absent in yet others, market participants will be deprived of the consistency and predictability of the law, a fundamental requirement of the rule of law. If sanctions are imposed without providing adequate opportunity of hearing, withholding chances to review and rebut the documents and evidence on which the investigation and adjudication were based, opportunities to cross-examine witnesses, or without providing reasoned speaking orders, the procedure established by law is vitiated, depriving market participants of the protection of another essential ingredient of the rule of law. Often regulators do not have adequate resources or training, without which they may struggle to produce orders that can withstand scrutiny. This can undermine the authority of the regulator, and also create uncertainty in the market. It is, therefore, crucial to invest in specialised legal training, and workshops on order drafting for regulatory officials.

The paper proceeds as follows. Section 2 outlines the research questions. Section 3 presents the legal framework on insider trading, while section 4 presents the rule-of-law indicators. Section 5 presents our data collection methods, while section 6 presents the summary statistics. Section 7 and section 8 focuses on whether SEBI orders identify key components of

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a "good order" on procedural and substantive rule of law measures respectively. Section 9 presents how the orders fare at SAT. Section 10 concludes.

2 Research questions

The scope of regulations on insider trading has increased steadily over the years.[1] This is also the case with SEBI's investigative and adjudicatory functions, particularly in relation to dealing with insider trading. In this context, this paper asks the following questions:

1. What do SEBI's enforcement actions look like, and how have they evolved over the years?

   SEBI's Annual Reports provide some broad data about the total number of enforcement actions undertaken in a year, but do not provide details of the type of enforcement actions taken for each type of violation, or the particular legal or regulatory provision alleged to have been violated. Further, the Annual Report tells us that the regulator has invested time and effort to contain insider trading, for example, through an insider trading alert system, 'Graded, Additional and Enhanced Surveillance Measures', and automatic PAN-ISIN freeze in demat accounts.[2] However, the reports do not provide any information on whether these measures have had any impact on the number of successful enforcement actions, or whether they have resulted in a reduction of instances of insider trading overall.

2. Are SEBI's orders consistent with the requirements of procedural and substantive rule of law requirements?

   A growing body of literature suggests that it is important to evaluate and study regulatory processes in India. Roy et. al. (2019) suggest that evaluating how a regulator's orders perform at the appellate level will help identify areas of concern, and can guide the management and board of the regulator towards remedial action, providing a pathway to enhancing regulatory state capacity.[3] Krishnan and Burman (2019) point out that natural justice and fairness are among the key public administration concerns

[1]Section 3 describes this in more detail.

[2]SEBI, Annual Report 2023-24 (2024) ⟨https://www.sebi.gov.in/reports-and-statistics/publications/aug-2024/annual-report-2022-23_74990.html⟩.

[3]Shubho Roy and others, "Building State capacity for regulation in India" in Devesh Kapur and Madhav Khosla (eds), *Regulation in India: Design, Capacity, Performance* (Hart Publishing 2019).

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with statutory regulatory authorities, and discuss some instances in which appellate authorities criticised SEBI's functioning in this regard.[4]

There have also been some studies that focus on certain aspects of SEBI's quasi judicial functions. Asthana, Sane, and Vivek (2021) analyse SEBI's decisions in the 'WhatsApp orders', and find that the regulator does not offer any reasons for the quantum of penalty imposed.[5] Sane and Vivek (2022) conduct a study of SEBI's disgorgement orders, and find that they do not satisfy the justification for disgorgement as a sanction.[6] Damle and Zaveri (2022) have conducted a ten-year study of SEBI and find that there is often a lack of rationale provided in the orders for the imposition of sanctions.[7] Aggarwal, Patel, and Sane (2024) study SEBI's use of debarment and restraint as sanctions in insider trading matters, and show that SEBI exercises an almost unrestrained discretion in the imposition of these sanctions.[8] We aim to contribute to this literature by providing a detailed analysis of whether SEBI follows procedural and substantive rule of law principles in its insider trading orders. The exact questions framed to answer these questions are elaborated in section 4.

3. How do SEBI's insider trading orders stand up to challenge before the Securities Appellate Tribunal (SAT)?

While there has been extensive discussion in the news about SAT having criticised SEBI on several occasions,[9] there has been relatively little scholarly work examining SEBI's performance at the SAT. Goyal and Sane (2022) study six months of SEBI orders at the SAT, and show that SEBI often makes elementary mistakes in the application of procedural law in its quasi-judicial processes.[10] Further, SEBI's Annual Reports do not

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[4]KP Krishnan and Anirudh Burman, "Statutory Regulatory Authorities: Evolution and Impact" in Devesh Kapur and Madhav Khosla (eds), *Regulation in India: Design, Capacity, Performance* (Hart Publishing 2019).

[5]Rajat Asthana, Renuka Sane, and S Vivek, "An analysis of the SEBI WhatsApp Orders: Some observations on regulation-making and adjudication" [2021] ⟨https://blog.theleapjournal.org/2021/05/an-analysis-of-sebi-whatsapp-orders.html#gsc.tab=0⟩.

[6]Renuka Sane and S Vivek, "Reconsidering SEBI Disgorgement" [2022] ⟨https://dx.doi.org/10.2139/ssrn.4124724⟩.

[7]Devendra Damle and Bhargavi Zaveri, "Enforcement of Securities Laws in India: An Empirical Overview" [2022] ⟨http://dx.doi.org/10.2139/ssrn.4198772⟩.

[8]Natasha Aggarwal, Bhavin Patel, and Renuka Sane, "The exercise of discretionary powers: The case of debarment and restraint from capital markets" [2024] ⟨https://blog.theleapjournal.org/#gsc.tab=0⟩.

[9]See, for example: Ashley Coutinho, "A turbulent year for SEBI at SAT" [2024] ⟨https://www.thehindubusinessline.com/markets/a-turbulent-year-for-sebi-at-sat/article67723401.ece⟩

[10]Trishee Goyal and Renuka Sane, "Towards better enforcement by regulatory agencies in India" [2022] ⟨https://blog.theleapjournal.org/2021/03/towards-better-enforcement-by.html#gsc.tab=0⟩.

provide any qualitative information about the outcome of appeals, such as the reasons for allowing an appeal against a SEBI order. Patel and Sane (2024) have conducted a study of how the Tamil Nadu Electricity Regulatory Commission's orders perform in appeal at the Appellate Tribunal for Electricity, and provide some suggestions on improving regulatory performance.[11] We follow some of the methods of studying orders at scale described in that study, and focus on SAT's reasons for its decision about whether to allow, remand, or dismiss an appeal from a SEBI order, and, where applicable, for modifying the sanctions imposed by SEBI.

3 SEBI's approach to insider trading

In this section, we outline the statutory and regulatory architecture that governs SEBI's actions, which forms the basis for evaluating the actions of the regulator, described in more detail in section 4.

There are three parts to the framework: a) the provisions in the SEBI Act that broadly define insider trading, b) provisions that lay out the details on what kind of sanctions and the manner in which they may be imposed and c) the (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) that more precisely define who is an insider and what constitutes insider trading.

3.1 Insider trading in the SEBI Act

Within the SEBI Act there are three relevant provisions

Section 11 empowers SEBI to prohibit insider trading, with the threefold objective of protecting the interest of investors in securities; promoting the development of the securities market; and regulating the securities market.

Section 12A prohibits any person from directly or indirectly engaging in insider trading.

Section 15G delineates insider trading through three primary actions:

1. *Trading on non-public information*: includes an insider engaging in securities transactions of a listed entity on the basis of unpublished price-sensitive information (UPSI), either on their own account or on behalf of another party.
2. *Dissemination of UPSI*: An insider sharing UPSI with any individual, whether so-

[11] Bhavin Patel and Renuka Sane, "Assessing regulatory capability in Tamil Nadu electricity regulation: Evidence from appeals" [2024] ⟨https://blog.theleapjournal.org/2024/04/performance-at-aptel-as-indicator-of.html#gsc.tab=0⟩.

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licited or not, except when required in the ordinary course of business or mandated by law.

3. *Facilitation of Insider trading*: An insider advising, encouraging, or enabling another party to trade in the securities of a listed entity using UPSI.

3.2 SEBI's regulation of insider trading

SEBI has adopted regulations to prohibit insider trading in exercise of its powers under the SEBI Act. The regulations were first enacted in 1992, and their most recent version is the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations).

The PIT Regulations define certain key terms such as insider, connected person, deemed to be connected person, UPSI, and generally available information. These are as follows:

Insider means a connected person or a person who receives, possesses or has access to UPSI.

Connected person is a person who has been or is, directly or indirectly, associated with a company in any capacity, including in a contractual, fiduciary or employment relationship.

Deemed to be connected person is defined broadly and includes an immediate relative of a connected person, a subsidiary, an intermediary, and an official of a stock exchange.

UPSI refers to information about a company or its securities that is not generally available[12] and, when it becomes generally available, will materially impact the price of securities; this could include financial results, changes in the capital structure, and declaration of dividends.

Over the past three decades, SEBI has expanded the definition of insider trading to address diverse methods used by market participants to exploit information asymmetry.[13] Initially, in 1992, an "insider" was defined as someone connected with a company who, by virtue of this connection, had access to unpublished price-sensitive information (UPSI). In 2002, the requirement for a connection was removed, making mere access to UPSI sufficient to qualify

[12] Generally available information refers to information that is publicly accessible, and does not include an unverified market rumour.

[13] SEBI, Consultation Paper on proposed review of the definition of Unpublished Price Sensitive Information UPSI under SEBI (Prohibition of Insider Trading) Regulations, 2015 (2023) ⟨https://www.sebi.gov.in/reports-and-statistics/reports/may-2023/consultation-paper-on-proposed-review-of-the-definition-of-unpublished-price-sensitive-information-upsi-under-sebi-prohibition-of-insider-trading-regulations-2015-to-bring-greater-clarity-and-uni-_71337.html⟩; SEBI, Consultation paper on draft SEBI (Prohibition of Unexplained Suspicious Trading Activities in the Securities Market) Regulations, 2023 (2023) ⟨https://www.sebi.gov.in/reports-and-statistics/reports/may-2023/consultation-paper-on-draft-sebi-prohibition-of-unexplained-suspicious-trading-activities-in-the-securities-market-regulations-2023_71385.html⟩.

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as an insider. By 2008, this was further clarified to include anyone with access to UPSI, even if obtained independently, potentially broadening liability to genuine market analysts.

Similarly, the definition of "connected person" has also evolved. While originally limited to officers or professionals with ties to the company, by 2002 it included temporary connections and extended to anyone in such a position up to six months prior to the alleged insider trading. In June 2024, SEBI proposed to broaden the concept of a "deemed connected person" to include relatives (and not just immediate relatives) and individuals sharing a household or influencing a connected person. While these changes are aimed to curb insider trading effectively, the overly broad definitions risk penalising legitimate market participants and could impose significant compliance burdens.

3.3 Sanctions for insider trading

Under the SEBI Act, adjudicating officers (AOs) appointed by SEBI and whole-time members (WTMs) of the SEBI Board can impose sanctions for insider trading violations. The framework for sanctions has three elements.

Penalties Section 15G of the SEBI Act prescribes the penalty for insider trading. The minimum stipulated penalty is Rs. 10 lakh and the maximum is Rs. 25 crore or three times the amount of profits made out of insider trading, whichever is higher. Earlier, only adjudicating officers (AOs) had the power to impose monetary penalties. In March 2019, by way of an amendment under the Finance Act, 2018 the powers of imposing penalties were extended to Whole-Time Members (WTMs) of the Board.

Factors that determine the penalty amount Section 15J of the SEBI Act lays down certain factors that SEBI should consider while adjudging the quantum of penalty for different violations, including insider trading. These are:

1. the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
2. the amount of loss caused to an investor or group of investors as a result of the default; and
3. the repetitive nature of the default.

In 2019, the Supreme Court held that the factors in Section 15J are not exhaustive, and that SEBI may consider other factors when determining the penalty amount.[14]

Other sanctions Section 11(4) of the SEBI Act empowers the regulator to take any of the following measures, either pending an investigation or inquiry in an insider trading

[14] *Adjudicating Officer, Securities and Exchange Board of India v Bhavesh Pabari* (2019) 5 SCC 90.

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matter, or on the completion of such investigation or inquiry:

1. suspend the trading of any security in a recognised stock exchange;
2. restrain persons from accessing the securities market and prohibit any person associated with the securities markets to buy, sell or deal in securities;
3. impound and retain the proceeds or securities in respect of any transaction which is under investigation (disgorgement);
4. attach bank accounts or other property of any intermediary or any person associated with the securities market; and
5. direct any intermediary or any person associated with the securities market not to dispose of or alienate an asset forming part of any transaction which is under investigation.

Any such action under Section 11(4) can only be through an order, for reasons to be recorded in writing, and must be in the interests of investors or the securities market. An AO can impose only monetary penalties, however, a WTM can impose the other sanctions described above.

Section 11(4A) of the SEBI Act provides that penalties can only be imposed by an order, for reasons to be recorded in writing, after holding an inquiry in the prescribed manner. Similar requirements for a reasoned order for sanctions other than penalties have been prescribed in Section 11(4) of the SEBI Act. The law does not provide any additional principles or guidelines such as those under Section 15J for sanctions other than penalties.

4 Rule of law measures

The *procedural* rule of law measures we use to examine SEBI's orders are based on administrative law and natural justice principles. These factors deal with how SEBI has been performing in terms of procedural fairness while adjudicating insider trading matters. One aspect of procedural fairness is that the orders should include certain basic information, such as:

- Date of show cause notice (SCN);
- Period of investigation;
- Period of UPSI;
- Description of UPSI;
- Time period of payment of penalty;
- Interest rate for non-payment of penalty within the specified time period;
- Time period for payment of disgorged amount;

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- Interest rate for non-payment of disgorged amount within the specified time period; and
- Precedents, if any, relied on.

The *substantive* rule of law measures are based on the law relating to insider trading in the SEBI Act and the PIT Regulations. These dive a bit deeper than the procedural requirements. They examine whether the orders satisfy the requirements of applicable law and regulation. For instance, they examine if all conditions for establishing an insider trading violation have been set out in the order. Similarly, they examine whether the order provides rationale for imposing sanctions, and whether relevant factors under Section 15J of the SEBI Act been discussed when penalties greater than the statutory minimum are imposed. It is important to clarify that we do not examine whether the rationale or arguments provided by SEBI are appropriate or sufficient, but only whether they are present at all in the order.

Based on the definition of the violation under the PIT Regulations, the following conditions must be established for a case of insider trading to be made out:

- Insider relationships need to be clearly identified, i.e. the alleged violator needs to be clearly identified as an insider, connected person, deemed to be connected person, or a person having access to UPSI;
- The existence of UPSI needs to be clearly established; and
- The alleged violator must have engaged in prohibited conduct, i.e. communication of UPSI, trading while in possession of UPSI, or violating the provisions of the code of conduct for prevention of insider trading (PIT code).

Based on the above conditions, and other applicable provisions of the SEBI Act, we set out the following measure to examine whether SEBI's orders comply with substantive rule of law principles:

- Are insider relationships clearly specified?
- Are violations clearly specified?
- Is there any correlation between penalties and the number, or repetitive nature, of violations?
- While imposing penalties, do orders clearly specify rationale, particularly those mentioned under the SEBI Act and the PIT Regulations?
- Do the orders mention unfair gains made or loss avoided by violators?
- While ordering debarment from dealing in the securities of a company, do the orders

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clearly specify rationale?

- While ordering restraint from capital markets, do the orders clearly specify rationale?
- Is there any correlation between the amount of quantified gain and the period of debarment or restraint ordered?
- How many orders were appealed before SAT?
- How often does the SAT allow, remand or dismiss an appeal?

5 Data

5.1 Obtaining the data

SEBI's enforcement orders are available on its website from December 2000 onwards. The SAT's orders in appeals are available on the SAT's website from July 2002 to July 2015 and on SEBI's website from July 2015 onwards. We downloaded all available SEBI enforcement orders and all SAT orders on appeals from SEBI enforcement orders from 2009 to 2023.

We identified orders specifically related to insider trading in the following manner. We shortlisted orders that matched the following sets of keyword specifications:

- SEBI orders with a single instance of 'insider', AND a single instance of 'UPSI ' OR 'unpublished' OR 'prevention' OR 'insider trading' (case-insensitive)
- SAT orders with a single instance of 'insider' or 'insider trading' or 'PIT' or 'PIT Regulations' or 'UPSI' or 'unpublished'

Next, we reviewed the list of orders that matched our keyword specifications and eliminated all orders that did not relate to insider trading matters, or that were interim orders. This gave us a set of 333 SEBI orders (SEBI Dataset) and 426 SAT orders (SAT Dataset) on insider trading matters.

A team of lawyers at TrustBridge reviewed and extracted data from the SEBI Dataset. For the SAT Dataset, we used a combination of Large Language Models (LLMs) through the interface provided by our technology partners, LucioAI.com. The output from both, the manual exercise and the LLM-based exercise, were reviewed in a three-stage process by a team of TrustBridge lawyers. At each stage, the output reviewed by a particular reviewer was assigned to another reviewer for re-verification and confirmation. We then designed and executed a series of keyword checks, logical errors, and flag for review errors to verify the findings.

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In order to build a lifecycle analysis of the SEBI orders, we mapped the orders in the SAT Dataset to the orders in our SEBI Dataset. That is, we identified which orders in the SEBI Dataset the orders in our SAT Dataset arose from. We did this by matching the following parameters across all documents in both datasets:

1. *Party names*: We matched the names of alleged violators in SEBI orders to the names of appellants in SAT orders. We restricted the search for matches to the appellants' names only, since SEBI is typically the respondent in appeals before the SAT.
2. *Company name*: Insider trading matters relate to UPSI about, or dealing in, the securities of specific listed companies. We matched the name of the company concerned in SEBI orders with the name of the company concerned in SAT orders.
3. *Date and number of impugned order*: We matched the date and number of the impugned order in SAT orders against the dates of SEBI orders.

This resulted in a final set of 119 SEBI observations in our SEBI Dataset (the Mapped SEBI Dataset) which corresponded to observations in our SAT Dataset (the Mapped SAT Dataset).

5.2 Variables of interest

Our study collects data from SEBI and SAT orders on the following parameters:

Identification indicators These provide preliminary and citatory information about orders. These include order number, date of order, name(s) of parties, type(s) of parties, type of order (i.e., order by an AO or a WTM), name of the officer, period of offence, and period of investigation.

Procedural indicators These relate to the rule of law requirements of procedural fairness. These include whether the SEBI order clearly mentions the period of UPSI or the period of investigation, and whether issues have been clearly identified in SAT orders.

Substantive indicators These are based upon the substantive law that governs the issue the order relates to. For insider trading matters, substantive indicators include clear and explicit language on whether the alleged violator is a connected person or deemed to be connected person or whether the alleged violation relates to communication of UPSI or trading in securities on the basis of UPSI.

Our study has a total of 56 indicators related to SEBI orders, and 82 indicators for SAT orders. There were more indicators for SAT orders, since we checked for matters such as reasons for disposition of an appeal and original sanctions imposed under the SEBI order and the modified sanction, if any, in the SAT order. Complete lists of the rule of law indicators

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used to study the SEBI Dataset and the SAT Dataset are in Appendix A.

5.3 Recording our findings

For each indicator described above, we recorded the findings in the following manner:

1. Alphanumeric data: findings for certain indicators, such as dates, names, penalty amounts, and precedents cited, required the extraction of verbatim text from the orders.
2. 'Yes', 'No', and 'Unclear': findings for other indicators were recorded as direct responses to the questions raised by those indicators. For example, a finding for the indicator on 'Penalty imposed' could only be 'Yes', 'No', and 'Unclear', based on the information in the order.

For all indicators, findings were only recorded on the basis of explicit language in the order. Where the language of the order did not set out the information required for that indicator, or where it did not provide an explicit positive or negative response to the question in the indicator, the finding recorded was 'Unclear'. We did not record any findings on the basis of subjective language in the orders or any inferential reasoning.

6 A summary of SEBIs enforcement actions

We begin with a description of the number of insider trading orders passed by SEBI over time. Figure 1 shows that there was a spike in both AO and WTM orders on insider trading from 2017, and then again in 2019. There has been a slight drop in the number of WTM orders in 2022. This is consistent with statements in the SEBI annual reports, which suggest that insider trading has been high on the regulator's agenda.

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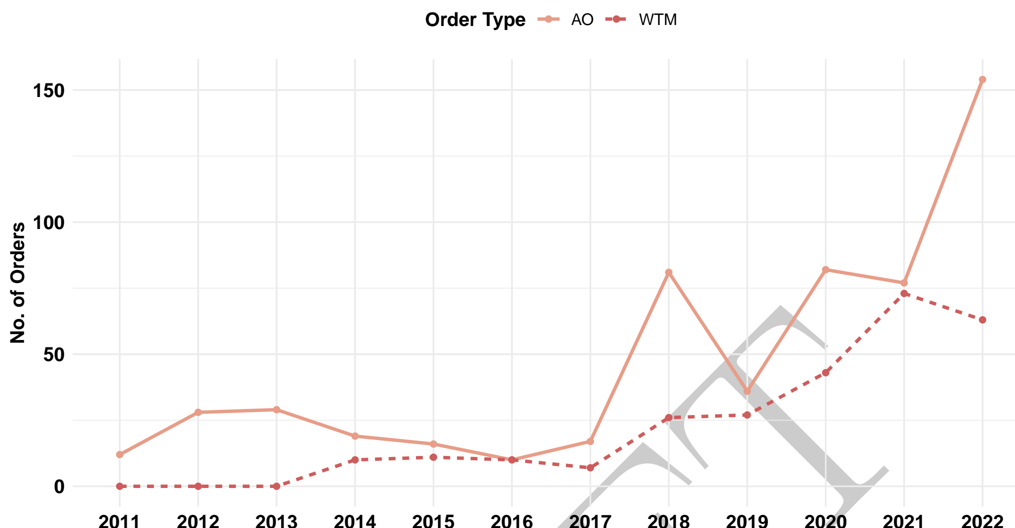
Figure 1 SEBI Insider Trading Orders Over the Years

This figure illustrates the number of SEBI orders related to insider trading issued each year.



Years 2009 & 2023 not shown in graph as we do not have complete data for these two years.

Table 1 presents the total number of orders in our SEBI Dataset. We have 333 SEBI orders - 268 of these are AO orders, and 65 WTM orders. Each order can contain cases against multiple entities - we call them alleged violators. The 333 orders contain a total of 912 alleged violators. A typical WTM order contains more entities than an AO order. In fact, 64% of AO orders involve a single violator, as opposed to 22% of WTM orders.

Table 1 Description of the SEBI Dataset

This table provides a summary of our data. It shows the distribution of orders issued by AOs and WTMs and highlights instances where sanctions were imposed.

	AO	**WTM**	**Total**
Total orders	268	65	333
Total alleged violators	598	314	912
Orders with at least one sanction	164	50	214
Alleged violators with at least one sanction	336	229	565
Penalty	336	82	418
Debarment from capital markets	NA	192	192
Disgorgement	NA	144	144
Restricted from dealing in securities	NA	71	71
Prohibition on disposal of assets	NA	24	24

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SEBI officers have imposed sanctions on 565 of the 912 alleged violators. That is, SEBI imposes sanctions on 62% of the alleged violators it hears. On the one hand, this may suggest that only cases with strong evidence are adjudicated upon, but on the other, this raises concerns about whether SEBI's adjudicatory functionaries are sufficiently insulated from and independent of its investigative functionaries.

AOs can only impose penalties, while WTMs can impose penalties, debarment, disgorgement, restrictions on dealing in securities, and prohibition on disposal of assets. In fact, Table 1 shows that WTMs have imposed disgorgement and debarment more frequently than penalties. This may be attributable to the fact that WTMs did not have the power to impose penalties until March 8, 2019.[15]

Table 2 presents a summary of sanction amounts imposed. AOs have imposed penalties in 336 cases, of which 86 (26%) have been joint and several. Many of these instances with joint and several liability involve one person who is an insider and has communicated UPSI, typically to family members. The median penalty amount for AOs is about Rs. 7.8 lakh, and for WTMs is about Rs. 15 lakh. There is a big difference in the average and median penalty imposed, suggesting that there are a few high profile cases where the penalty amounts are very high. This is also evident from the fact that only 39 (12%) AO cases and 6 (7%) WTM cases have penalty amounts greater than Rs. 1 crore. In 2014, the SEBI Act was amended, and a minimum penalty amount of Rs. 10 lakh was stipulated.[16] In fact, 62% of AO penalties and 42% of WTM penalties are less than or equal to Rs.10 lakh. There is therefore a need to examine whether SEBI offers reasons when imposing penalties less than or greater than the minimum prescribed in the Act.

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[15]Finance Act 2018.
[16]Securities Laws (Amendment) Act 2014.

Table 2 Summary of sanctions imposed

This table summarizes monetary sanctions. Out of 565 individuals who have faced sanctions, 418 received a penalty. Notably, SEBI imposed a penalty exceeding the Rs. 10 lakh threshold on 176 individuals.

Sanction	AO	WTM
Penalty		
N	336	82
N joint & several	86	0
N (> Rs. 10 lakh)	128	48
N (< Rs. 1 Cr.)	297	76
Average (in Rs. lakh)	48.5	22.2
Median (in Rs.)	7.8	15.0
NAs	0	118
Disgorgement		
N		144
N joint & several		48
Average (in Rs. crore)		46.4
Median (in Rs. crore)		1
Debarment		
N		192
Average (in years)		3
Median (in years)		1

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As described earlier, the power to impose debarment and disgorgement is only available to WTMs. We see that they have imposed disgorgement in 144 cases, and debarment in 192 cases. WTMs have imposed debarment in 192 cases, with an average of 3 years, and a median of 1 year. In 48 instances, the disgorgement is joint and several. As with penalties, there is a skew in the average and median values for disgorgement - the average disgorgement amount is Rs. 46 crore, while the median is only Rs. 1 crore. The WTMs also seem to disgorge larger amounts than penalties - the median penalty is only Rs. 15 lakh. This may be explained by the fact that disgorgement amounts correspond with the amount of unlawful gains established, while the quantum of penalty may vary based on several factors including the amount of unlawful gains.

Table 3 shows that WTMs often impose multiple sanctions. There are a total of 229 cases with at least one sanction imposed by a WTM. Of these, they have imposed disgorgement and debarment in 122 cases, debarment and penalty in 71, disgorgement and penalty in 64 and disgorgement, debarment and penalty in 60 cases. This raises concerns about consistency in imposing sanctions, and highlights the lack of clear guidelines in the law which can help determine the number and type of sanctions that should be imposed in each case.

Table 3 Multiple sanctions

This table presents the total instances of cases with multiple sanctions.

	N
At least one sanction	229
Disgorgement and debarment	122
Debarment and penalty	71
Disgorgement and penalty	64
Disgorgement, debarment and penalty	60

In Table 4, we present the total monetary sanctions imposed on violators. This is a sum of the penalty amount and the disgorgement amount. This table provides us with a sense of how the monetary sanctions vary by violation. For example, the average monetary sanction is the highest at Rs. 45 crore when SEBI has not clearly stated the violation. There are only six cases where all the three violations are present, yet, the average monetary sanction is only about Rs. 44 lakh.

Table 4 Average Monetary Outflow by Violation Type

This table presents the average monetary outflow for different types of violations. It categorizes the cases based on the violation type and shows the mean monetary outflow for each category. The table includes categories such as cases with no specific violation, only unlawfully trading in securities (UTIS), only UPSI, UTIS combined with other violations, and various combinations of these violations.

	Violation type	**N**	**Mean Monetary Outflow (in Rs.)**
1	None	52	44,82,53,744
2	Only UTIS	184	21,72,83,435
3	Only UPSI	63	4,79,10,559
4	UTIS and other*	57	2,76,22,136
5	Only UPSI & UTIS	30	2,08,37,120
6	All	6	43,93,247
7	UPSI and other*	3	10,83,333
8	Only other*	170	6,37,321

Monetary outflow refers to the sum of penalty amount and disgorgement amount sanctioned by SEBI against alleged violator.
* Other refers to violations of other provisions of the PIT Regulations or the PIT Code.
Source: Author's calculation

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Figure 2 Distribution of Interest Rates on Disgorged Amounts

This figure illustrates the distribution of interest rates applied to disgorged amounts in insider trading cases. The median interest rate on disgorgement is 12% and the average interest rate on disgorgement is 10%.

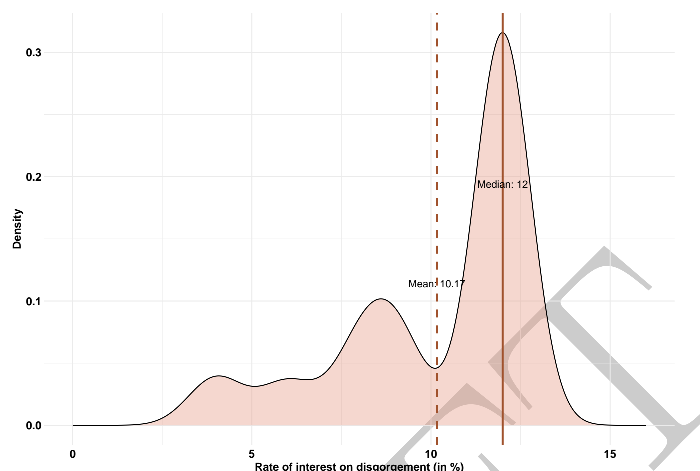

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Figure 2 demonstrates a lack of consistency in imposition of interest rates on disgorged amounts. This is especially concerning since there is no statutory framework or other publicly available guidance on the calculation of interest rates on disgorged amounts, and therefore no guardrails on the exercise of administrative discretion.

7 Performance on procedural rule-of-law indicators

We begin our analysis with SEBI's performance on procedural rule of law indicators. Table 5 presents the number of cases in which basic factual indicators are not present.

Table 5 Performance on procedural rule-of-law indicators

This table presents the performance on procedural rule-of-law indicators. For example, 27% of cases do not mention the period of UPSI, and 87% of cases do not cite any AO or WTM orders.

Factual indicators	**N**	**%**
Date of show cause notice not mentioned	65/912	7.1
Period of investigation not mentioned	154/912	16.9
Period of UPSI not mentioned	244/912	26.7
No description of UPSI	173/912	20
No AO or WTM orders cited	791/912	86.7
Penalty imposed but time period for payment not specified	12/418	2.9
Penalty ordered but interest rate not specified	264/418	63.2
Disgorgement ordered but time period for payment not specified	18/144	12.5
Disgorgement ordered but interest rate not discussed	15/144	10.4

There are three broad issues with the orders. First, several orders don't mention basic facts about the case such as the date of show cause notice (7%), period of investigation (17%), period of UPSI (27%), and no description of UPSI (20%). Second, orders do not cite precedent. We find that about 87% of orders do not cite any previous AO or WTM order. This is a large number of cases for there to be no precedence. Finally, the orders do not specify the full details of the sanctions imposed. In 12% of cases where disgorgement was ordered, the time period for payment was not specified. Similarly, for both penalties and disgorgement, interest rate was not specified in a large number of cases. These results indicate that there are several shortcomings in providing factual information on basic rule-of-law indicators. We turn next to a more detailed analysis of how SEBI fares on subtantive rule-of-law indicators.

8 Performance on substantive rule of law indicators

8.1 Sanctions and insiders

A key component of a good order should be that SEBI has been able to clearly demonstrate that the violator is an insider. As described earlier, a person is an insider if the person is either a) connected person, or b) deemed to be connected, or c) has access to UPSI. An important prerequisite before imposing a sanction is that SEBI identify if the alleged violator is an insider. Table 6 shows the number of cases where AOs and WTMs have clearly identified the nature of the insider relationship.

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Table 6 Extent of Insider Relationship

This table describes the extent to which cases clearly specify an insider relationship. Out of 565 individuals who had a sanction against them, insider relationship was mentioned for 335 (i.e. 59 %). In some cases, while the insider relationship was not explicitly mentioned, but connections were described. Overall, 487 out of the 565 individuals, or 86%, had either a clear mention of insider relationships or a description of connections.

Connection Specified	**AO**	**WTM**	**Total**
Yes	170	165	335
No	166	64	230
Connections described?	131	21	152

SEBI has identified a clear insider relationship in only 335 (60%) of its orders. In the remaining 230 orders, it has described a connection in 152 (66%) orders. Describing a connection is not as clear as specifying the connection. If we were to give SEBI the benefit of the doubt and consider it as an acceptable description, even then, in 14% of the cases SEBI has failed to provide any explanation on how a person is an insider.

Further, it is useful to evaluate which definition of "insider" has begun to be used more frequently over time. As shown in Figure 3, SEBI has been prosecuting insider trading cases on the basis of a person having "access to UPSI." This has been the most used defence by SEBI's defence across all years. However, since 2019, this has come to be used much more frequently. This may be attributable to SEBI's increased use of sophisticated surveillance mechanisms. Another shift has been in the use of "connected" vs "deemed to be connected" - in 2021 this flipped, and SEBI prosecuted more people for being connected instead of deemed to be connected.

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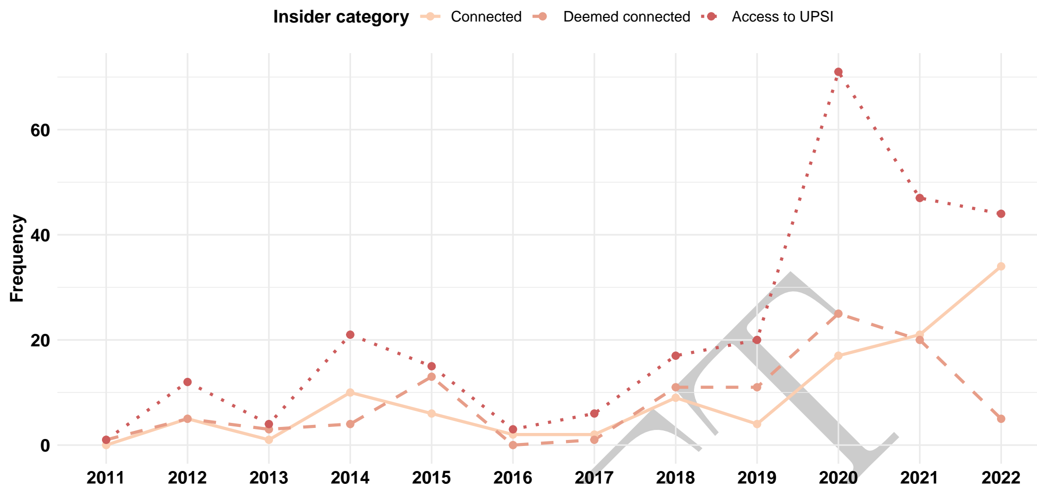
Figure 3 Evolution of Insider Relationships in Insider Trading Cases by Year

This figure depicts the evolution of insider relationships considered in insider trading cases over the years. Recently, there has been an increase in the number of insiders identified based on their access to UPSI.



Years 2009 & 2023 not shown

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8.2 Sanctions and violations

Once an insider has been identified, the next step is to specify the violation committed by the insider. There are four types of violations possible:

1. Unlawful trading in securities (UTIS)
2. Communication of (UPSI)
3. Non-compliance with the (PIT) Code
4. Non-compliance with other PIT regulations (other PIT)

Non-complianace with PIT Code and other PIT regulations relate to matters such as information disclosure failures, and consequently, are less important for the purposes of our study. We focus on the violations of UTIS and UPSI. Table 7 presents the types of violations in the SEBI Dataset. The most frequent violation is UTIS, and sanctions against UTIS are imposed both by AOs and WTMs. This is true of UPSI violations as well. The compliance violations are largely addressed by AOs, though there a few cases where the WTMs have imposed sanctions on these as well. However, there is no publicly available information on the process and criteria used to determine how cases are assigned to AOs versus to WTMs.

Table 7 Violations under Insider Trading

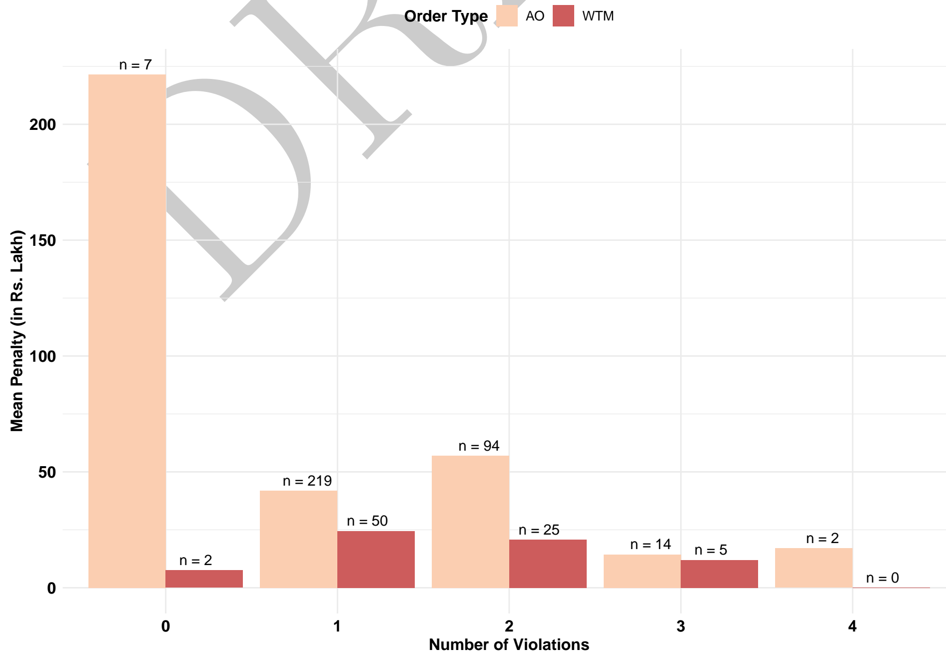
This table details the types of violations associated with insider trading cases where at least one sanction was imposed. The table presents the counts for each type of violation.

	AO	WTM
UTIS	134	143
Non-compliance with other PIT Reg.	137	20
Non-compliance with PIT Code	133	18
Comm. UPSI	53	49

Ideally, there should be a correlation between the number of violations and the penalty imposed. A person with more violations should have higher penalties. Figure 4 shows the average penalty imposed relative to the number of violations recorded. We find that average penalties are the highest for cases with one to two violations. This is also where the bulk of the observations lie.

Figure 4 Number of violations and penalty imposed

This figure displays the average penalty imposed relative to the number of violations recorded. The number above each bar indicates the number of instances where a penalty was imposed for each count of violations.



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8.3 Factors mentioned in 15J

According to Section 15J of the SEBI Act, penalty amounts should be determined on the basis of:

1. The amount gained or loss avoided by the violator;
2. The loss caused to investors; and
3. The repetitive nature of the default.

While these factors are not exhaustive, they are the only explicit directions available in the applicable law for determining the quantum of penalties, and therefore, SEBI orders should refer to them.

Where the factors identified in Section 15J are present, they should govern the quantum of penalty imposed. So, the higher the amount gained/loss avoided, or the loss caused to investors, or the repetitive nature of the default, the higher should be the penalty imposed. Table 8 presents the number of cases in which AOs and WTMs have clearly identified any of the three components. We find that no Section 15J ingredient is present in 58% of cases.

Table 8 Penalty and its ingredients

This table outlines the 15J factors considered by AOs and WTMs in determining penalties for insider trading cases.Additionally, it shows cases where the loss to investors could not be quantified.

	AO	**WTM**
Total cases	336	82
Amount gain/loss	67	62
Loss to investors	31	0
Default is repetitive	43	3
Loss to investors not quantifiable	155	17

AOs have been able to identify amount gained/loss avoided in 67 (20%) of cases, loss to investors in 31 (9%) of cases, and repetitive nature of default in 43 (12%) of cases. WTMs do slightly better, they have been able to identify amount gained/loss avoided in 62 (76%) of cases. Another striking feature is that in 155 (46%) cases, the AO orders clearly state that the loss to investors is not quantifiable.

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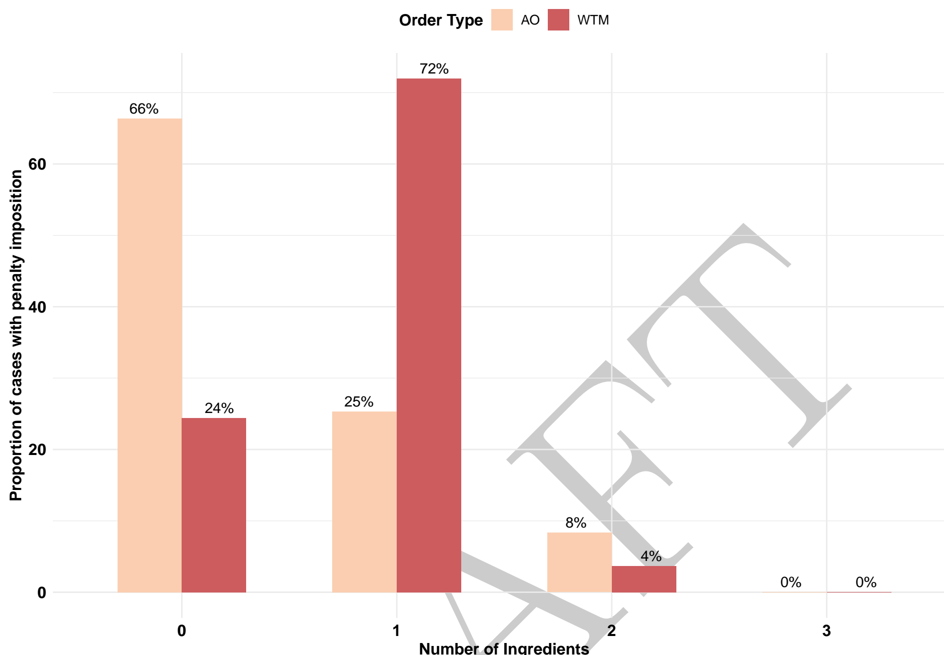
Figure 5 Penalty and 15J factors

This figure illustrates the number of penalty factors considered in each case where a penalty is imposed, as well as the average penalty amounts for each case. The number above each bar represents the proportion of penalty cases with the corresponding number of factors.



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8.4 Mention of other factors

As described earlier, the factors listed in Section 15J of the SEBI Act are not exhaustive, and AOs and WTMs often cite other factors in determining the quantum of penalties (non-15J factors). Table 9 shows the frequency with which AOs and WTMs cite Section 15J and non-15J factors in instances of UTIS and UPSI in which the penalty imposed exceeds the stipulated minimum of Rs. 10 lakh, as these could be considered the most serious cases of insider trading.

Table 9 Other Factors

This table examines the distribution of factors associated with penalties exceeding Rs. 10 lakh in SEBI orders. It shows the percentage of cases where the penalty exceeds Rs. 10 lakh and includes UTIS and UPSI violations, and how often these cases are associated with 15J factors, non-15J factors, or a combination of both.

	N	%
Penalty above Rs. 10 lakh	176/565	31.2
Penalty above Rs. 10 lakh and at least one violation	170/176	96.5
Penalty above Rs. 10 lakh for UTIS and UPSI violations	23/170	13.5
Out of which:		
At least one 15J factor	12/30	40
At least one non-15J factor	9/30	30
At least one 15J factor and non-15J factor	6/30	20
Only non-15J factors	3/30	10

8.5 Rationale for debarment

We observed that the reasons for imposing debarment or restraint are broad and do not indicate anything special that justifies the imposition of debarment and/or restraint rather than another sanction, such as a penalty. The reasons are similar to the non-15J reasons it provides when imposing penalties higher than the minimum prescribed under the SEBI Act. This is concerning, as the exercise of administrative discretion must demonstrate an application of mind. The reasons also do not clarify how the period of debarment or restraint was determined in these instances, which raises questions on whether SEBI considers the proportionality of the sanction to the specific nature and extent of the violation. There is no correlation between the period of debarment ordered and the quantified gain or advantage, and an inverse relation between the period of restraint ordered and the quantified gain or advantage. Moreover, of the 192 instances where SEBI has imposed debarment, it did not quantify the gain in 72 instances (i.e., approximately 37.5%).[17]

8.6 Timelines

The analysis reveals that the interval between the last day of the UPSI period, during which the alleged violation occurred, and the issuance of the SCN exceeds four years for both AO and WTM cases. This significant delay raises concerns about the timeliness of detecting and addressing potential violations. Furthermore, the process of issuing an order following the

[17] Aggarwal, Patel, and Sane (n 8).

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SCN takes an additional 1.7 to 2 years, prompting questions about the appropriateness of subjecting individuals to such prolonged procedures, especially when the eventual imposition of sanctions remains uncertain.

Table 10 Average duration among UPSI period, SCN and order date

This table presents the average duration between critical dates in insider trading cases by number of alleged violators and by order. It shows the average time in years between the end of the UPSI period and the issuance of the SCN, between the SCN and the order date, and between the end of the UPSI period and the order.

By alleged violator	**AO**	**WTM**
End of UPSI period** and SCN* (in years)	4.6	4.4
SCN* and order date (in years)	1.8	2.1
End of UPSI period** and order (in years)	6.5	5.8
By order	**AO**	**WTM**
End of UPSI period** and SCN* (in years)	4.3	4.6
SCN* and order date (in years)	1.7	2.1
End of UPSI period** and order (in years)	6.1	5.9

*SCN date not present for 65 alleged violators or 11 orders
**UPSI period not present for 244 alleged violators or 96 orders
Source: Author's calculation

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9 Performance at SAT

Our analysis resulted in a set of 119 orders in the Mapped SEBI and SAT datasets. These orders result in 183 appeals (32%) out of the total 565 cases with sanction. Out of these, 97 (53%) were allowed or remanded, while 86 (47%) were dismissed. This suggests that once appealed there is a 50% chance that the SEBI order will not hold in appeal. Further, SAT modified the sanctions in 98 (54%) cases.

Table 11 presents the reasons for appeals being allowed, partly allowed or remanded. The SAT does not provide reasons in 8% of the cases. When SAT does give reasons, they pertain to either a difference in interpretation between SEBI and SAT, SEBI's non-application of mind, or violations of basic procedural law.

This analysis shows that SAT is concerned with some of the elements of the substantial rule of law indicators identified by our study. For example, SAT has ruled against SEBI for not identifying an insider correctly, not identifying if the information was UPSI, or if there was trading on the basis of UPSI. However, neither SEBI nor SAT seem to take into account the

Table 11 Grounds for allowing an appeal

The table presents the reasons for appeals being allowed, partly allowed or remanded. Any other reason in the table includes reasons such as the violation was merely technical in nature, there was an inordinate delay by SEBI in initiating action, SEBI did not demonstrate application of mind.

	N	%
Reasons for fully allowed/ partly allowed/ remanded provided	89/97	92
Information was not UPSI	24/89	27
Appellant was not insider	3/89	3
No communication of UPSI	10/89	11
Pre-trade clearance secured or not required	2/89	2
No CoC violation	16/89	18
No trading on basis of UPSI/ when UPSI was in existence	24/89	27
Any other reason*	55/89	62
No reasons provided for appeal fully/partly allowed/remanded	8/97	8

fact that the determination of the quantum of penalties has been done without any regard to Section 15J factors mentioned in the statute.

The frequent setbacks at SAT suggest that SEBI may need to rethink its approach to enforcement. If SEBI's decisions are consistently being challenged successfully, it indicates that the regulatory body may not be applying the law as rigorously or as fairly as required. This undermines the credibility of SEBI and could lead to a loss of confidence among market participants.

10 Conclusion

Regulatory enforcement actions have consequences beyond their direct impact on the persons against whom such actions are directed. These actions are necessary to ensure that those who violate the law face consequences, and may also have a deterrent effect on others. However, there are adverse consequences if these actions emerge from a flawed process, or if the actions taken are arbitrary or disproportionate. Stakeholders lose confidence in the regulator. This shifts their incentives and leads to behaviours that hurt the interests of the market in the long term and this, in turn, adversely affects the legitimacy of regulatory actions.

Arbitrary orders that do not demonstrate application of mind can be challenged under Indian administrative and constitutional law. They may also be overturned or remanded in appeal. Such challenges, overturns, and remands lengthen the enforcement process and increase costs for all those involved. They also take away from the certainty of regulatory orders and

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affect the predictability of the law. Regulatory certainty and predictability are important requirements of the rule of law and are critical for the smooth functioning of markets. Indian regulators, such as SEBI should rethink their enforcement approach.

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A Appendix

A.1 SEBI indicators

The indicators we used in our study of SEBI orders are:

1. Order Number
2. Name(s) of alleged violator(s)
3. Name of company
4. Date of order
5. The order is by AO
6. The order is by WTM
7. Name of adjudicator
8. Date of show cause notice
9. Period of investigation
10. Period of UPSI
11. Description of UPSI
12. Cites AO orders
13. Cites WTM orders
14. Finding that the alleged violator is a connected person (R. 2(g)(i))
15. Finding that the alleged violator is deemed to be a connected person (R. 2(d)(ii))
16. Finding that alleged violator possessed or had access to UPSI (R. 2(g)(ii))
17. Finding that alleged violator was an insider (R. 2(g))
18. Connection
19. Finding that the alleged violator communicated UPSI (R. 3(i))
20. Finding that the alleged violator unlawfully traded in securities (R. 4(i))
21. Finding that the alleged violator did not comply with the PIT code
22. Finding that the alleged violator committed the offence of insider trading
23. Finding of any other PIT Regulation violation
24. Finding that the violator made actual wrongful gain
25. Finding that the violator made notional wrongful gain
26. Finding that the violator avoided actual wrongful loss
27. Finding that the violator avoided notional wrongful loss
28. Finding that loss or gain not quantifiable
29. Amount of the loss or the gain
30. Finding that the violator acted intentionally to wrongfully gain or avoid losses
31. Finding that loss is caused to an investor or a group of investors as a result of default

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32. Amount of loss caused to an investor or a group of investors as a result of default
33. Loss caused to an investor or a group of investors as a result of default is not quantifiable
34. Finding that the default is repetitive in nature
35. Finding that a penalty is being imposed
36. Amount of penalty being imposed
37. Finding that interest will be levied on failure to pay penalty
38. Rate of interest on penalty
39. Finding that the penalty is joint and several
40. Period within which penalty must be paid
41. Finding that disgorgement is being ordered
42. Amount of disgorgement
43. Finding that interest should be levied on disgorgement
44. Rate of interest on disgorgement
45. Finding that liability regarding disgorgement is joint and several
46. Period within which disgorgement amount must be paid
47. Finding on debarment from access to capital markets
48. Period of debarment from accessing capital markets
49. Finding on restraint from dealing in securities of the relevant company
50. Period of restraint of dealing in securities (Numeric- number of days)
51. Finding on prohibition on holding directorship position
52. Period of prohibition on holding directorship position
53. Finding on impounding of bank account
54. Period of impounding of bank account
55. Finding on prohibition on disposal of assets
56. Period on prohibition on disposal of assets

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A.2 SAT indicators

The indicators we used in our study of SAT orders are:

1. Appeal Number
2. Name of Company
3. Party
4. Party Type
5. Lead Counsel
6. Date of Last Hearing
7. Date Order was Reserved

8. Date of Order
9. Date of Show Cause Notice
10. Date of Impugned Order(s)
11. Impugned order was WTM Order
12. Impugned order was AO Order
13. Bench Strength
14. Bench has Presiding Officer
15. Name of Presiding Officer
16. Bench has Judicial Member
17. Name of Judicial Member
18. Bench has Technical Member
19. Name of Technical Member
20. Order Written by Presiding Officer
21. Order Written by Judicial Member
22. Order Written by Technical Member
23. Dissenting Opinion
24. Dissenting Member
25. Order cites prior SAT Order
26. Order cites prior AO/WTM Orders
27. Appeal Withdrawn
28. Filed Fresh Appeal
29. Delay in Filing Appeal
30. Delay Condoned
31. Appeal Remanded
32. Remanded because Show Cause Notice Not Sufficiently Served
33. Remand Ground Other
34. Impugned Order Quashed
35. Appeal Dismissed
36. Appeal Partly Allowed
37. Appeal Fully Allowed
38. Allowed because Information was not UPSI
39. Allowed because Appellant was not Insider
40. Allowed because no Communication of UPSI
41. Allowed because Pre-trade Clearance Secured or Not Required
42. Allowed because no CoC violation
43. Allowed because no trading on basis of UPSI/ when UPSI was in existence

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44. Allowed for any other reason
45. SAT Ordered Part Penalty Amount Deposit for Appeal
46. Sanctions Modified
47. Penalty Amount under AO/WTM Order
48. Modified Penalty Amount under SAT Order
49. Penalty Amount Modified on Basis of S. 15J(a) - Amount of Disproportionate Gain or Unfair Advantage
50. Penalty Amount Modified on Basis of S. 15J(b) - Amount of Loss Caused to Investor or Group of Investors
51. Penalty Amount Modified on Basis of S. 15J(c) - Not a Repetitive Default
52. Penalty Amount Modified for any other reason
53. AO/WTM Order Rate of Interest on Failure to Pay Penalty
54. SAT Order Rate of Interest on Failure to Pay Penalty
55. AO/ WTM Finding that Penalty is Joint and Several
56. SAT Order on Penalty being Joint and Several
57. SAT Order Includes/Excludes Some Persons from Joint and Several Liability
58. AO/ WTM Order Period Within Which Penalty Must be Paid
59. SAT Order Period Within Which Penalty Must be Paid
60. WTM Order Disgorgement Amount
61. SAT Order Disgorgement Amount
62. WTM Order Rate of Interest on Disgorgement
63. SAT Order Rate of Interest on Disgorgement
64. WTM Order Disgorgement Liability Joint and Several
65. SAT Order Disgorgement Liability Joint and Several
66. WTM Order Period Within Which Disgorgement Amount Must be Paid
67. SAT Order Period Within Which Disgorgement Amount Must be Paid
68. WTM Order Period of Debarment from Access to Capital Markets
69. SAT Order Period of Debarment from Access to Capital Markets
70. WTM Order Period of Restraint from Dealing in Securities of Relevant Company
71. SAT Order Period of Restraint from Dealing in Securities of Relevant Company
72. WTM Order Period of Prohibition from Holding Directorship Position
73. SAT Order Period of Prohibition from Holding Directorship Position
74. WTM Order Period of Impounding of Bank Account
75. SAT Order Period of Impounding of Bank Account
76. WTM Order Period of Prohibition on Disposal of Assets
77. SAT Order Period of Prohibition on Disposal of Assets

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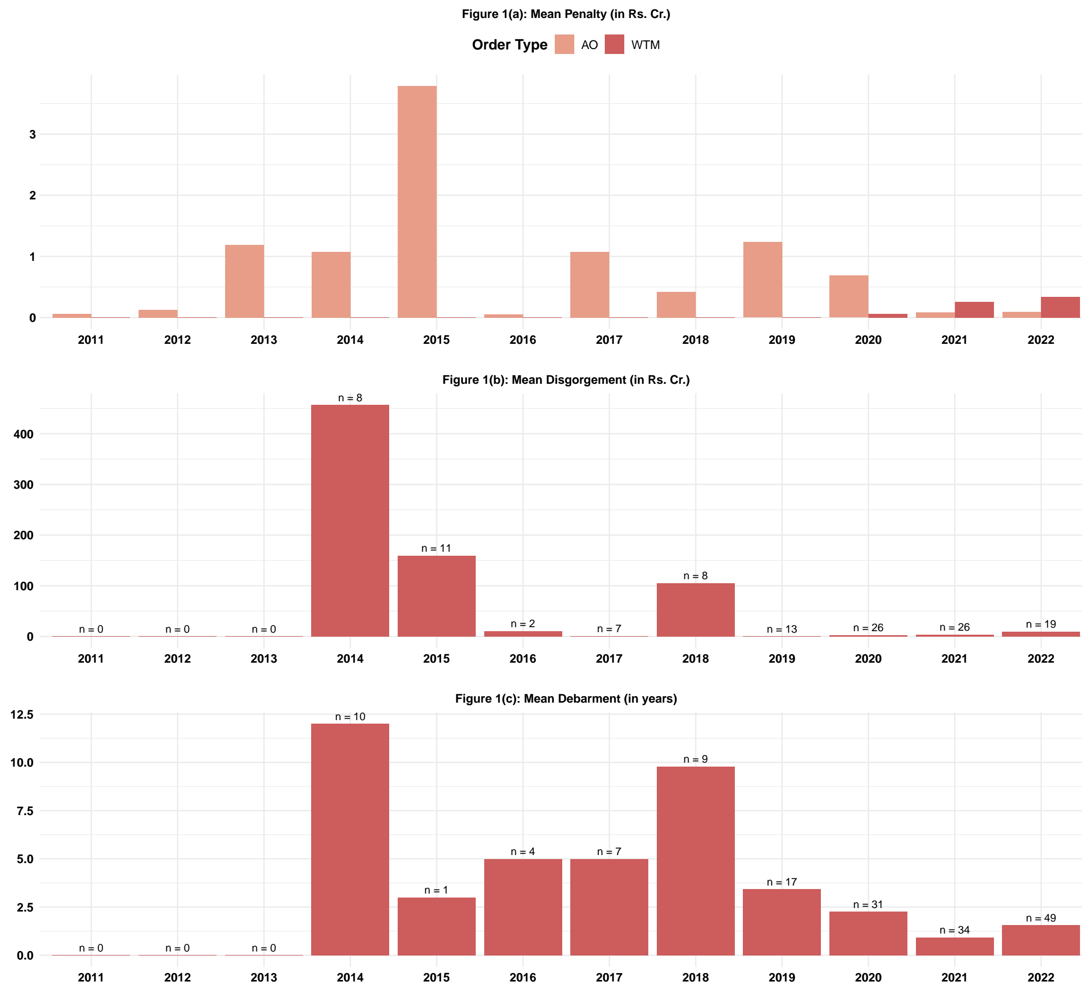
78. SAT Reasons for Variation in Sanctions
79. Costs Ordered
80. Costs Ordered on Appellant
81. Costs Ordered on Respondent
82. Quantum of costs

A.3 Sanctions over the year

Figure 6 Overview of Penalty, Disgorgement and Debarment by year

This figure illustrates the major sanctions—Penalty, Debarment, and Disgorgement—imposed each year, along with their respective averages. The number above each bar indicates the frequency of instances where that particular sanction was imposed in the corresponding year.



Trust Bridge

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