

## LEGAL UPDATES

### **SEBI: ALLOWS INTERIM ORDER RESTRAINING HIGH-LEVEL EMPLOYEES IN INFOSYS INSIDER TRADING CASE**

SEBI bench presided by Mr S.K. Mohanty allowed an interim order restraining an employee of Infosys ('Noticee 1') and another person connected to him ('Noticee 2' - who was an employee of Wipro) from the stock market for insider trading in the shares of Infosys, the bench states that the noticees have been unsuccessful in making the case in their favour which would, in turn, require all the directions to be overturned as issued under the interim order. The adjudicatory authority observed that both the Noticees submitted many contentions to defend them but never denied the presence of the undisputed facts on which basis several findings prima facie were enumerated in the interim order. The bench noted that Noticee 1 who had the access to UPSI had conveyed the same to Noticee 2 who in turn, started trading in the shares of Infosys during the same period, SEBI highlighted that the interim directions were required to be given against the noticees in the given circumstances in order to prevent them from indulging into such illegal acts. With regard to Noticee 1's averment that he never engaged in any financial transactions with Noticee 2, the bench ruled that a number of times the transfer of funds takes place through other modes which are indirect means and thus require even more efforts to detect. Further adding that sometimes quid pro quo can be done through a number of means and not only through monetary transactions. In conclusion, the regulator clarified that the observations pertaining to the instant order are tentative and further directed for the completion of the investigation as the earliest without any influence of any of the points highlighted in either the interim order or the instant order.