

## LEGAL UPDATES

### **SEBI: TWO FORMER MINDTREE EMPLOYEES PENALISED FOR INFRINGING THE NORMS OF INSIDER TRADING**

The noticees who are the two former employees of Mindtree were penalized by SEBI for an amount of INR 1 Lakh for causing loss to the investors of Mindtree and failing to submit the disclosures on time regarding trading in the shares of Mindtree which resulted in the infringement of reg.7(2)(a) of PIT regulations. The adjudicating officer observed that "By not submitting the requisite disclosures in the time specified, the concerned persons deprive the investing public of their statutory rights." The facts of the matter are that on several incidents, the noticees had traded in the shares of Mindtree which amounted to approx. INR 10 Lakh quarterly. Further, Mindtree denied receiving any disclosure or information regarding the ongoing trade as the noticees were indulged into. The noticees submitted that he had no knowledge regarding the transactions violating reg.7(2)(a) were executed from his account and alleged his friend to be involved in the same. The bench held that there was no supporting evidence to testify that the transactions were not in the knowledge of the noticee further, noting that, "...the Noticee is trying to shrug off his responsibility when it is his turn to comply with the law." Thereby, SEBI dismissed the submissions of the noticee that he inadvertently failed to inform regarding the transactions as executed by him or his friend as he is aware of the code of conduct of the company. The regulator observes, "...even if the Noticee was negligent regarding the Company code of conduct, the Noticee cannot take shelter of ignorance with respect to the requirement to disclose transactions...as it is the law of the land." The same is against the legal maxim *ignorantia Juris non excusat* meaning thereby that ignorance of the law is no excuse. In conclusion, the bench imposes the monetary penalty to deter the noticee as the noticee had clearly violated the norms.