

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
FINANCIAL MARKETS DIVISION

LOK SABHA
UNSTARRED QUESTION NO. 226
TO BE ANSWERED ON FRIDAY, 15th DECEMBER, 2017/ AGRAHAYANA 24, 1939 (Saka)

INSIDER TRADING

QUESTION

226. SHRI DEVENDRA SINGH BHOLE:

Will the Minister of FINANCE be pleased to state:

- (e) whether the Government/Securities and Exchange Board of India (SEBI) proposes to introduce advanced technology systems to check insider trading in share market and if so, the details thereof; and
- (f) the extent to which the said technology is likely to check/ curb insider trading?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON RADHAKRISHNAN)

(a) and (b): The Securities and Exchange Board of India (SEBI) has stated that its surveillance activity is undertaken through various alerts, including Insider Trading alerts, generated from the technology systems such as Integrated Market Surveillance System (IMSS) and the Data Warehouse & Business Intelligence System (DWBIS).

The focus of DWBIS is to strengthen the surveillance and investigation functions of SEBI by providing comprehensive access to the securities market related data/ information. DWBIS mainly focuses on automatic detection of some of the key fraud types/ violations in a longer time frame. It includes modules for Front Running, Insider Trading, Text Mining, Pump & Dump, Artificial Volume creation, Marking the Close etc. These alerts are statistically designed using historical data on established frauds available with SEBI in consultation with external technology vendors.

On the other hand, the IMSS tracks market aberrations and generates alerts on a daily basis. These alerts are holistically analyzed so as to identify any manipulative trading in the market. During the past few years, SEBI has redesigned the IMSS system software to handle more than two billion messages in a day. To further enhance the system capability and performance of the alert generation process, alerting on multiple market streams was also implemented.

Therefore, the IMSS and DWBIS alerts broadly cover the fraud universe with focus on different time frames and are continuously reviewed based on emerging needs.
