

**IN THE PROCEEDINGS BEFORE THE ENFORCEMENT COMMITTEE  
ESTABLISHED IN TERMS OF SECTION 97 OF THE SECURITIES  
SERVICES ACT, 36 OF 2004**

CASE NO: 7/2008

In the Matter of:

**THE DIRECTORATE OF MARKET ABUSE**

The Referring Party

10 and

**CHELIN, CUAN GUY**

Respondent

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**DETERMINATION OF THE ENFORCEMENT COMMITTEE**

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*Before The Hon Mr Justice C F Eloff, E A Moolla, R G Cottrell, Ms C Dlepu, Ms C Maynard, A Mazwai and H M S Msimang*

20 *The Hon Mr Justice C F Eloff.* The respondent is charged by the Directorate of Market Abuse, care of the Financial Services Board, with the commission of insider trading. The essence of the allegations contained in the charge is that the respondent, with knowledge of information relative to a reverse takeover by a company and with knowledge that the information was unpublished, price sensitive information, discussed details thereof with two persons, and also purchased shares in the company involved in the reverse takeover and encouraged one Davis to purchase shares in the company.

The respondent admitted the essential components of the charge against him. He admits that on reflection and after seeking advice, he has to admit that he was guilty of insider trading. He listed various mitigating factors and tenders a sum of R94 500.00 as a penalty. The spokesman for the DMA does not object to the amount of the tender. He sets out how it was calculated, in short, three times the profits made.

We considered that the attitude of the DMA is reasonable and should be supported. Insider trading is serious, but there are significant mitigating  
10 factors. The committee concludes that the respondent indeed conducted insider trading in contravention of the Act and it imposes the penalty suggested of R94 500.00 payable on the 1<sup>st</sup> of December 2008. There will be no order as to costs.

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**CHAIRPERSON****27 November 2008**