Insider Trading Regulations amended to notify manner of maintaining structured digital database of UPSI | Ease out trading window restrictions | Disclosure norms changed

July 20, 2020

SEBI has carried out following changes in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (**Insider Trading Regulations**), which were proposed in its meeting on June 25, 2020:

- **Maintaining a structured digital database containing nature of unpublished price sensitive information (UPSI) and the names of persons who have shared the information – outsourcing of database prohibited - database to be preserved for at least 8 years**

The board of directors or head(s) of the organization of every person required to handle UPSI are obligated to ensure that:

  - A structured digital database is maintained containing the nature of UPSI and the names of such persons who have shared the information and also the names of such persons with whom information is shared along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database;
  - The structured digital database is preserved for a period of not less than 8 years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

- **Automation of process of filing disclosures to stock exchanges:** SEBI has provided for ability to notify the form and manner in which continual disclosures required under Regulation 7(2) shall be made.
- **Restriction on trading window not to be made applicable for transactions as prescribed by SEBI:** SEBI has incorporated the ability to notify transactions for which restrictions on trading window will not be applicable.
- **Amounts if any collected for non-compliances with the Code of Conduct to be credited to Investor Protection Education Fund (IPEF) administered by SEBI under the SEBI Act, 1992:** SEBI has incorporated the ability to require credit of monies collected for contravention of the code of conduct to IPEF account, with respect to entities covered under Regulation 9(1) and 9(2) of the Insider Trading Regulations, which covers listed companies, intermediaries and fiduciaries.
- **Entities to file non-compliances with the stock exchanges:** Entities (covered under Regulation 9(1) and 9(2) of the Insider Trading Regulations, which covers listed companies, intermediaries and fiduciaries) are now obligated to promptly inform the stock exchange(s) where the concerned securities are traded, in case there is violation of the Insider Trading Regulations.

Aforementioned changes are effective from July 17, 2020, notified vide the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2020 dated July 17, 2020 (available here).

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com

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