

# STRUCTURAL DIGITAL DATABASE (SDD)


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SECURITIES AND EXCHANGE BOARD OF INDIA  
(PROHIBITION OF INSIDER TRADING)  
REGULATIONS, 2015

PIT - Regulation

# Disclaimer

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# 4 pillars of PIT Regulations

CONNECTED  
PERSON

DEEMED  
CONNECTED  
PERSON

UNPUBLISHED  
PRICE  
SENSITIVE  
INFORMATION

DESIGNATED  
PERSON

## 1. Connected person

- (i) Any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive

# Contd....

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A Connected Person is one, who has a connection with the company that is expected to put him in possession of Unpublished Price Sensitive Information.

Persons may not occupy any position in a company but are regularly in touch with the company and its officers and have access to UPSI about the company or class of the companies by virtue of such connection.

## DEEMED Connected person

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- (i) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -
- a) an immediate relative of connected persons specified in clause (i); or
  - b) a holding company or associate company or subsidiary company; or
  - c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
  - d) an investment company, trustee company, asset management company or an employee or director thereof; or
  - (e) an official of a stock exchange or of clearing house or corporation; or
  - (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
  - (g) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
  - (h) an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
  - (i) a banker of the company; or
  - (j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his

### 3. UNPUBLISHED PRICE SENSITIVE INFORMATION

“Unpublished Price Sensitive Information” means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:

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- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel.

**Two Elements – (a) there must be information**

**(b) such information should have the**

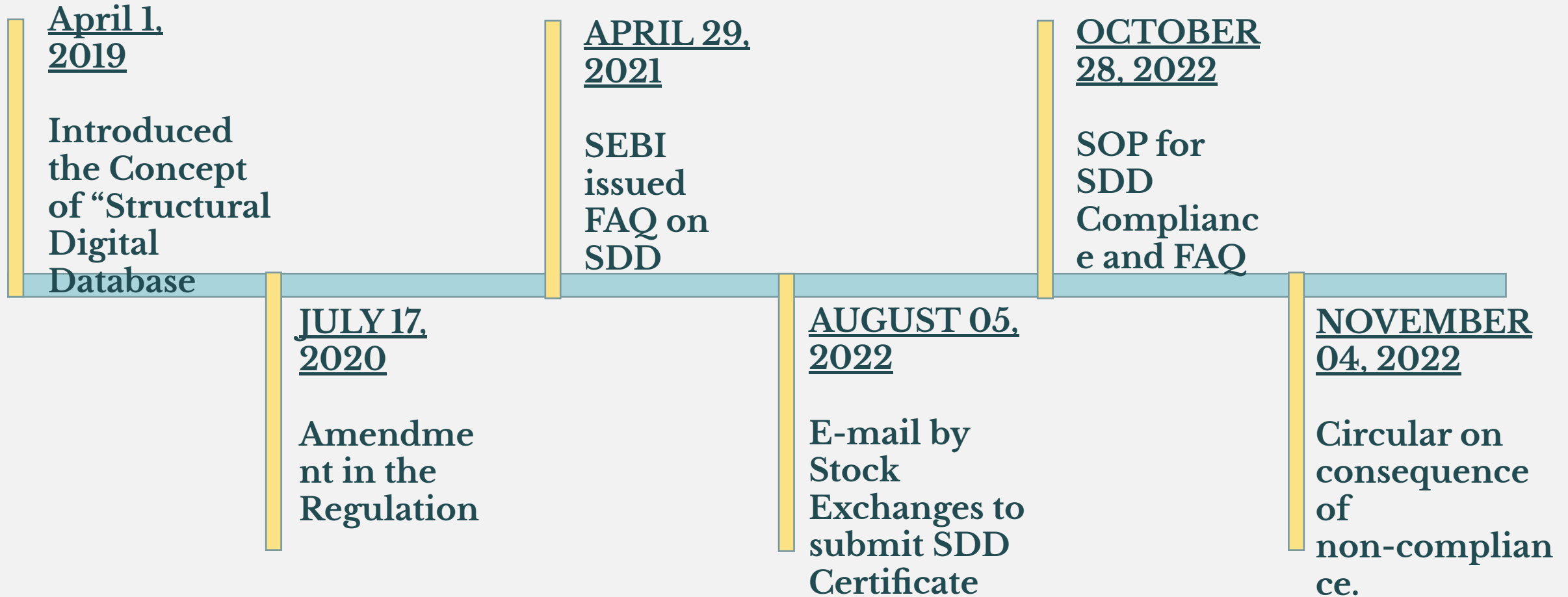
## 4. DESIGNATED PERSON

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As per Regulation 9, Designated professional shall include :-

- (i) Employees of such listed company, intermediary or fiduciary designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors or analogous body;
- (ii) Employees of material subsidiaries of such listed companies designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;
- (iii) All promoters of listed companies and promoters who are individuals or investment companies for intermediaries or fiduciaries;
- (iv) (Officer of such listed company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished iv) Chief Executive Officer and employees upto two levels below Chief Executive price sensitive information;
- (v) (v) Any support staff of listed company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information.]

# EVOLUTION OF SDD





# Restriction on communication



COMMUNICATION OR PROCUREMENT OF UNPUBLISHED PRICE SENSITIVE INFORMATION (REGULATION 3)



INSIDER **NOT TO COMMUNICATE** ANY UPSI EXCEPT FOR LEGITIMATE PURPOSES, PERFORMANCE OF DUTIES OR DISCHARGE OF LEGAL OBLIGATIONS

NO PERSON **TO PROCURE OR CAUSE THE COMMUNICATIONS** BY AN INSIDER OF UPSI EXCEPT FOR LEGITIMATE PURPOSES, PERFORMANCE OF DUTIES OR DISCHARGE OF LEGAL OBLIGATIONS

# What SDD Contains ?

Transfer of  
UPSI since its  
origination till  
its public

Why it has  
been shared?

Who has  
shared such  
information  
and to whom  
(PAN)?

# WHY SDD?

## □ Company

SDD Keeps track of passing of information from its origination to its publication and through whom it has been passed.

## SEBI

Surveillance Department – IN case of any doubt of misusing UPSI can ask company to provide such database.

# REQUIREMEN

TS SDD SHALL CONTAIN NATURE OF UPSI

- ❑ Name of person shared it and to whom shared (pan)
- ❑ AN IN-HOUSE & not outsource /cloud base
- ❑ ADEQUATE INTERNAL CONTROL AND CHECK such as - TIME STAMPING & AUDIT TRAIL, non tampering

# LIKELY VIOLATIONS

- ❑ Non compliance of any of above,
- ❑ DETAILS NOT FULLY ENTERED
- ❑ NOT MAINTAINED FOR 8 YEARS OR TILL COMPLETION OF PROCEEDING
- ❑ NON-SUBMISSION OF COMPLIANCE CERTIFICATE

# WHAT IS AN AUDIT TRAIL ?

- AUDIT TRAIL IS A STEP-BY-STEP RECORD BY WHICH ACCOUNTING, TRADE DETAILS OR OTHER FINANCIAL DATA CAN BE TRACED TO THEIR SOURCE.
- AUDIT TRAILS ARE USED TO VERIFY AND TRACK MANY TYPES OF TRANSACTIONS.

As per the Regulations [Reg 3 (5)], the responsibility has been cast upon the board of directors. However, the board may assign the task to one or more persons - say the compliance officer.

If So, the responsibility is with the person(s) who have been tasked for the same by the board.

## WHO SHALL MAINTAIN SDD?



# CONSEQUENCES OF NON-COMPLIANCE

## AS PER STOCK EXCHANGE

As per NSE circular dated 4th Nov, 2022, the Company will be displayed as “NON-COMPLIANT WITH SDD” under the ‘Get Quote’ page of Exchange Website of the listed entity from the next trading day till the Exchanges have satisfactorily verified that the company has completely complied.

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## AS PER SEBI ACT, 1992

In terms of SEBI Act, 1992 penalty may be levied on the responsibility centers under Sec 15A (b)

-failure to furnish or file return, information, records within time, or furnishing false, incomplete or incorrect information

- Minimum penalty - Rs. 1 lac
- Continuing default – Rs. 1 lakh per day
- Maximum penalty - Rs. 1 crores

Further, penalty may also be imposed in terms of Sec 15HB - failure to comply with any provisions of law for which no specific penalty has been provided

- Minimum penalty - Rs. 1 lac

# FORMAT OF SDD

Supplier of Information			Recipient of information		
Name	PAN	Any other information	Name	PAN	Any other information
Category of the person (Note 1)					
Nature of UPSI and reason of sharing UPSI					
Source of Information					
NDA or confidentiality agreement executed in this regard					
Date and Time of sharing					
Date of entry					
Date when UPSI became publicly available					
Details of person making the entry (Note 2)					
Remarks, if any:					



# SDD compliance certificate

## COMPLIANCE CERTIFICATE

### PURPOSE ?

The compliance certificate is to confirm the requirements of maintenance of SDD and making of requisite entries in the SDD for sharing of UPSI, internally or externally, during a particular quarter.

### WHO ISSUES?

It may be furnished either by the compliance officer of the listed entity or by a Practicing Company Secretary ('PCS').

### WHERE TO SUBMIT ?

- ❑ Mode of submission on BSE: BSE Listing Centre > Listing Compliance > Compliance Module > Structured Digital Database (SDD) Compliance Certificate.
- ❑ Mode of submission on NSE: This certificate has to be emailed on the following email id of the Exchange:

# POTENTIAL CONTENT OF THE compliance certificate

- The Company has a Structured Digital Database in place:
- Control exists as to who can access the SDD:
- All the UPSI disseminated in the previous quarter have been captured in the Database All the UPSI disseminated in the previous quarter have been captured in the Database:
- The system has captured nature of UPSI along with date and time:
- The database has been maintained internally and an audit trail is maintained:
- The database is non-tamperable and has the capability to maintain the records for 8 years:
- Number of material events required to captured, and those captured:

## COMPLIANCE CERTIFICATE FOR THE QUARTER ENDED

(Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015)

I, \_\_\_\_\_, Compliance Officer, of \_\_\_\_\_ (name of the listed entity), or I, \_\_\_\_\_, Practising Company Secretary appointed by \_\_\_\_\_ (name of the listed entity) am aware of the compliance requirement of Structured Digital Database (SDD) pursuant to provisions of Regulation 3(5) and 3(6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) and I certify that:

1. the Company has a Structured Digital Database in place
  2. control exists as to who can access the SDD
  3. all the UPSI disseminated in the previous quarter have been captured in the Database
  4. the system has captured nature of UPSI along with date and time
  5. the database has been maintained internally and an audit trail is maintained
  6. the database is non-tamperable and has the capability to maintain the records for 8 years.
- (relevant points from 1 to 6 can be striked off in the case of non-compliance)

I also confirm that the Company was required to capture \_\_\_ number of events during the quarter ended and has captured \_\_\_ number of the said required events.

I would like to report that the following noncompliance(s) was observed in the previous quarter and the remedial action(s) taken along with timelines in this regard:

For \_\_\_\_\_

Compliance Officer or Practising Company Secretary

Date:

Place

# FORMAT OF COMPLIANCE CERTIFICATE

**At what stage information is required to be entered into SDD ?**

**while entering in SDD, email is to be sent to the person who is in receipt of the same.**

# EXAMPLES

- (i) Sharing of UPSI from A □ B □ C (insider) □ X □ Y □ Z (outsider)
  
- (ii) DP 1 □ DP 2 say CFO to CS for preparation of Agenda note
  
- (iii) Sharing information within department say preparation of financial statement.

# REG. 30 LODR

– MATERIAL  
EVENTS

Vs.  
UPSI

# Responsibility of Secretarial Auditors ?

# THANK YOU

## TNT & ASSOCIATES

COMPANY SECRETARIES  
218-221, SAFFRON COMPLEX, FATEHGUNJ,  
VADODARA  
CONTACT NO.: 98250 28079

BRANCH OFFICES AT AHMEDABAD AND  
NEW DELHI