

Structured Digital Database (SDD)



SENSEX

India's index the world tracks

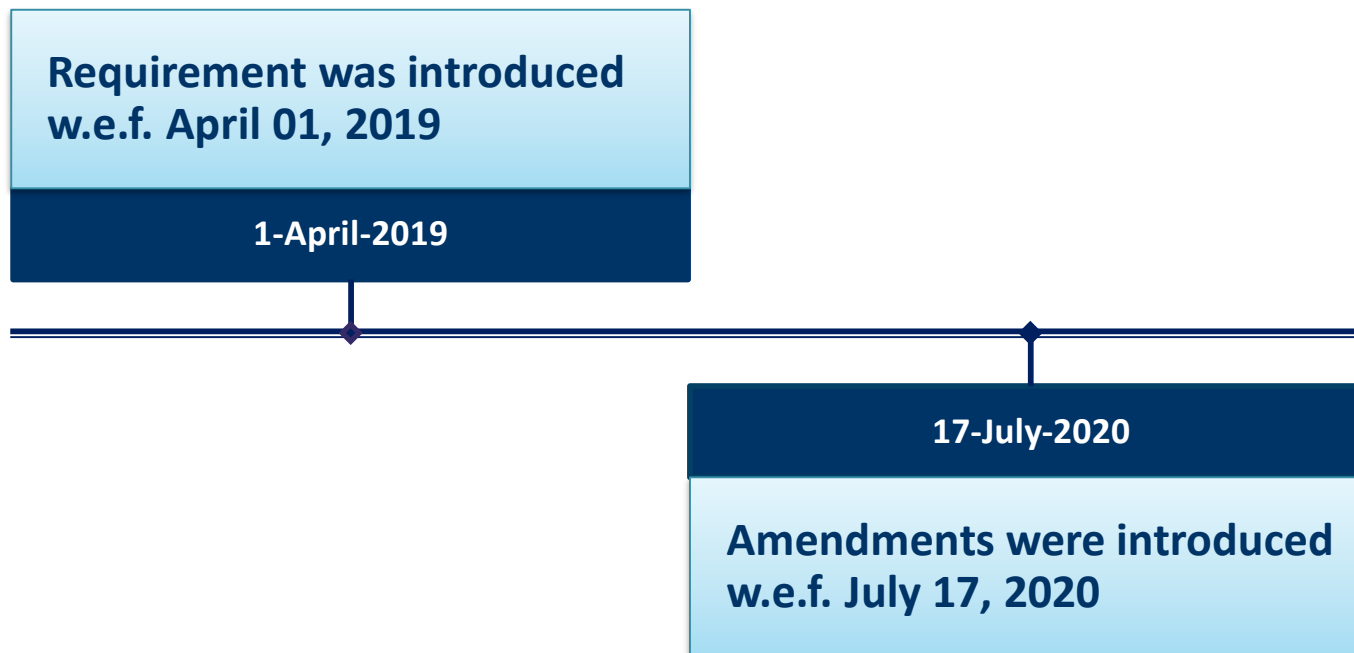


Structured Digital Database (SDD)

SDD under SEBI PIT Regulations

Objective:

- Introduced by SEBI in order to build a mechanism to help investigate Insider trading
- May prove to be a deterrent to Insider Trading



■ Regulation 3(5) of PIT Regulations

Who is required to ensure

Board of directors or head(s) of the organization required to handle unpublished price sensitive information

Content:

- nature of UPSI
- names of such persons who have shared the information and
- names of such persons with whom information is shared with PAN or any other identifier

Requirement:

- Not outsourced and maintained internally
- adequate internal controls and checks such as time stamping and audit trails
- ensure non-tampering of the database

■ Regulation 3(6) of PIT Regulations

Preservation of records

- period of not less than eight 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

FAQ issued by SEBI

FAQs issued by SEBI

Clarity provided on

1. Capture details of all UPSI, details of persons who have shared the UPSI and details of persons with whom such UPSI is shared
2. Databases/servers provided by third party vendors whether within India or outside India will be considered as outsourced – treated as non-compliance with the requirements
3. Database should be maintained on internal servers
4. Irrespective whether information is shared within or outside the Company, records have to be updated in SDD
5. In case if Nominee director is classified as a designated person/insider, information shared by him/her with Banks/FIs will also be required to be recorded in the Digital database
6. No requirement to disseminate the list of UPSI on the website of the company

Applicability

Compliance check points

- **Having a digital database in place w.e.f. April 01, 2019 or from the date of listing**
- **Capturing information transmission for all UPSI**
- **Recording the transmission of UPSI within or outside the organization**
- **Capturing nature of UPSI**
- **Capturing name of persons who have shared the information along with PAN or any other identifier**
- **Capturing name of persons with whom information is shared along with PAN or any other identifier**
- **Maintain details for 8 years from completion of relevant transaction (in case of any investigation preserve till completion of investigation)**

Content of SDD compliance Certificate

- Whether the Company has a Structured Digital Database in place?
- Whether control exists as to who can access the SDD for read/ write alongwith the names and PAN of such person?
- Whether all the UPSI have been captured in the Database. If not details of events that have not been captured and the reason for the same?
- Whether the recipient were upfront informed that the information which they will be receiving shortly is UPSI and the entry has been captured in the Database prior to forwarding the UPSI data. If not details of events that have not been captured and the reason for the same?
- Whether nature of UPSI have been captured alongwith date and time?
- Whether name of persons who have shared the information has been captured along with PAN or any other identifier?
- Whether name of persons with whom information is shared has been captured along with PAN or any other identifier?
- Whether the database has been maintained internally?
- Whether audit trail is maintained?
- Whether time stamping is maintained?
- Whether the database is non-tamperable? Any other measures to ensure non-tamperability of the Database?

SDD awareness initiatives by BSE

Till April 2022 BSE has organised two round of training session for all listed entites i.e. more than 3000 companies

Also made dedicated PPT on SDD to all listed entities

If request received then again training sessions will be conducted by BSE

On August 04, 2022 BSE and NSE sent emails to all listed companies for filing of a certificate confirming compliance with the SDD requirements

For quarter ended June 30, it is to be certified by Compliance Officer. File by Aug. 09, 2022

Next quarter onwards, certificate is to be obtained from PCS

Thank you