



THE INSTITUTE OF Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

09th August, 2022

Shri Aliasgar S Mithwani,
Chief General Manager,
Integrated Surveillance Department (ISD)
Securities and Exchange Board of India

Dear Sir,

Sub: Extension of last date for submission of 'SDD – Compliance Certificate'

The Institute of Company Secretaries of India (ICSI) is a premier professional body established under an Act of Parliament, namely, the Company Secretaries Act, 1980 to regulate and develop the profession of Company Secretaries. The ICSI has nationwide presence with its headquarters at New Delhi, four Regional Offices at New Delhi, Chennai, Kolkata and Mumbai, a Centre for Corporate Governance, Research and Training at Navi Mumbai, a Centre of Excellence at Hyderabad, 72 Chapters spread all over India and five overseas centres at UAE, USA, UK, Singapore and Australia. The ICSI has on its register over 66,000 members and around 2,50,000 students

A. Maintenance of Structured Digital Database as per Regulation 3(5) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ['SEBI PIT']

Securities and Exchange Board of India ('SEBI') has vide its amendment notification dt: December 31, 2018 amended SEBI PIT. This amendment was made effective from April 1, 2019 ['PIT 2018 amendment'] SEBI vide this PIT amendment 2018 inter-alia provided for maintenance of Structured Digital Database ['SDD'] w.e.f April 1, 2019. Further vide its amendment notification dt: July 17, 2020 SEBI further amended Regulation 3(5) of SEBI PIT providing that SDD shall be maintained internally and shall not be outsourced. Further SEBI also provided for brief procedure to make entries into SDD.

B. Details sought for maintenance of SDD

Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') has vide their mails dt: August 4, 2022 sent to listed entities including debt listed entities, high value debt listed entities, Real Estate Investment Trusts and Infrastructure Investment Trust have asked compliance officers of listed entities to certify compliance with maintenance of Structured Digital Database in terms of Regulation 3(5) and 3(6) of SEBI PIT. This certification has to be given to in a specified format to BSE and NSE. The last date for giving this certification by Compliance Officer is August 9, 2022 (i.e. today).

Vision

"To be a global leader in promoting good corporate governance"

Motto

सत्यं वद। धर्मं चर। *Speak the truth. abide by the law.*

Mission

"To develop high calibre professionals facilitating good corporate governance"

C. Extension in timeline for Compliance

BSE and NSE have asked listed entities to certify compliance with maintenance of SDD within a period of five days (3 working days). It is noteworthy that the certificate is very onerous on the Compliance Officer. We hereby submit that:

- a. Out of 14 critical points it warrants 'whether all events have been captured in the database. If not details of events that have not been captured and the reason for the same?', 'whether name of person who has shared AND with whom it has been shared has been captured?', 'number of events during the quarter' **which requires engagement with numerous Designated Persons (for further confirmation) within the organisation which is very time consuming.** I am sure your good self will appreciate the fact that Compliance Officer largely depends on Designated Persons for compliance of SEBI PIT.
- b. Further, there are few anomalies in the certificate which needs clarification from Stock Exchange(s) like:
 - i. Whether it is mandatory to affix the Common Seal on the Certificate. If yes, as per the policy of the Company, any two Directors has to certify the affixation of the Common Seal?
 - ii. As per Regulation 3(5) of SEBI PIT Regulations, 'The Board of Directors shall 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** under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available.'. The above provision uses past tense which means that the entries and confidentiality notice is to be given after the UPSI is shared. In other words, there is no requirement to notify sharing of UPSI and enter in SDD before sharing of UPSI. However, point No. 4 of Compliance Certificate expects companies to give confirmation of prior intimation and recording.
 - iii. The Compliance Certificate version which was circulated by Stock Exchange(s) is different than the version which is uploaded on Stock Exchange(s) website. Which format is to be used for issuance is unclear.

Looking into the degree of responsibility/ ownership of the Compliance Officer and the complications revolving the contents of the Certificate, we request SEBI the following:

- a. To clarify on the anomalies arising out of the format of Compliance Certificate; and
- b. Grant relaxation/ extension for submission of this certificate by 30 days.

Thanking you,
Yours faithfully,



CS Asish Mohan
Secretary, The ICSI