

PREFACE TO REVISED EDITION

Transparency increases credibility and accountability.

~ Park Won Soon

Corporate Governance, and even more good corporate governance thrive on the founding principles of transparency and accountability. Interestingly, the relationship between both these, or rather the trine seems to be symbiotic. Enhanced transparency leads to increase in accountability and vice versa; and heightened transparency and accountability is what paves the way for good governance.

However, akin to all aspects of human activities, ensuring accountability in action and transparency in conduct in the corporate arena especially the securities trading needs to be inculcated through dedicated laws and regulations. The same is essential to instil confidence amongst investors, and it is for this reason that the Securities and Exchange Board of India (SEBI) has taken various initiatives that ensure integrity of the securities markets in line with the mandate conferred upon it. The SEBI (Prohibition of Insider Trading) Regulations, 2015 are an attempt of the Regulatory Authority to strengthen the legal framework for prevention of insider trading.

Under these Regulations, the Compliance Officers shoulder onerous responsibility to ensure applicable compliances and the same requires deep understanding of various aspects covered under the Regulations. Considering the complexities of the subject and being a topic of utmost importance for the professionals, the Institute of Company Secretaries of India (ICSI) issued a comprehensive Guidance Note on Prevention of Insider Trading primarily based on the PIT Regulations, guidance note and FAQs thereon and informal guidances issued by the SEBI from time to time.

Subsequent to the release of the Guidance Note on Prevention of Insider Trading major amendments were introduced in the PIT Regulations by SEBI during the year 2020 and 2021. These amendments have significantly evolved the legal framework on the subject, which essentially have led to revision of the Guidance Note on Prevention of Insider Trading with an objective to provide updated guidance on the subject to all stakeholders.

The revised edition of the Guidance Note on Prevention of Insider Trading besides covering updated regulatory provisions of the PIT Regulations, also includes relevant circulars, specimen format of disclosures, important case laws and informal guidance issued by the SEBI on the subject to facilitate easy understanding and compliance of the PIT Regulations both in letter and spirit.

I place on record my sincere thanks to all the members of Secretarial Standards Committee (SSC) and Expert Group on Secretarial Standards, for their valuable contribution in finalising this revised edition of the Guidance Note on Prevention of Insider Trading, under the leadership of CS B. Narasimhan, Chairman-SSC and CS Satwinder Singh. My special thanks to CS Makarand Joshi (Group Convener) for his immense contribution during this exercise. I also commend the dedicated efforts put in by CS Rakesh Kumar, Assistant Director under the guidance of CS Saurabh Jain, Joint Director in bringing out this revised edition of the Guidance Note on Prevention of Insider Trading under the stewardship of CS Asish Mohan, Secretary, ICSI.

I am sure that this revised edition of the Guidance Note on Prevention of Insider Trading will be immensely useful for all stakeholders and will be of practical value to those entrusted with the compliance of provisions of the PIT Regulations.

Improvement is a continuous process and equally applicable to this Guidance Note. I would personally be grateful to the readers for offering their suggestions/ comments for further advancement of this Guidance Note.

Place: Bengaluru

Date: 06.01.2022

CS Nagendra D. Rao

President

The Institute of Company Secretaries of India