



**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)

February 28, 2024

**ADVISORY FOR SDD COMPLIANCE BY FIDUCIARIES UNDER
THE SEBI (PIT) REGULATIONS, 2015**

Dear Professional Colleague,

The SEBI (Prohibition of Insider Trading) Regulations, 2015 (Regulations) deal with control on sharing of unpublished price sensitive information (UPSI) by those who have access to it in a structured manner through the concept of Structured Digital Database (SDD) which was first introduced by the SEBI (PIT) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) and later amended by SEBI (PIT) (Amendment) Regulations, 2020 (w.e.f. July 17, 2020).

Regulation 3(5) provides as under:

The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared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. 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.

Further Regulation 9A(1) provides as under:

*The Chief Executive Officer, Managing Director or such other analogous person of a listed company, **intermediary or fiduciary** shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.*

Referring to the above, SEBI released Comprehensive FAQs on SEBI (PIT) Regulations, 2015 on 31st March, 2023, the relevant Question and Answer is reproduced below:

5. Whether the requirement to maintain structured digital database under Regulation 3(5) is applicable on intermediaries and fiduciaries?

*Answer: The requirement to maintain structured digital database under Regulation 3(5), containing the names of such persons or entities with whom UPSI is shared, is applicable to listed companies, and **intermediaries and fiduciaries** who handle UPSI of a listed company in the course of business operations.*

Further it has been clarified that the structured digital database should be maintained internally by fiduciary or intermediary, capturing information as provided hereunder, in accordance with Regulation 9A (2)(d) and as required under Schedule C of the Regulations.

- i. Details of the Unpublished Price Sensitive Information (UPSI);
- ii. Details of persons with whom such UPSI is shared (along with their PANs/other unique identifier) and details of persons who have shared the information.

“Fiduciaries” is referred to in Explanation to Regulation 9(2) of the Regulations as under:
Professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising listed companies shall be collectively referred to as fiduciaries for the purpose of these Regulations.

Accordingly, the Company Secretaries in Practice dealing with UPSI of listed entities and unlisted entities whose securities are proposed to be listed, by virtue of their position as Fiduciaries under the Regulations are required to ensure compliance with the requirement of maintaining a separate SDD internally.

It is hereby advised that the Company Secretaries in Practice should observe strict compliance with the said requirement in order to avoid any violation under the Regulations.

Regards,

CS B. Narasimhan
President, ICSI