

AUTOMATION OF CONTINUAL DISCLOSURES UNDER REGULATION 7(2) OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015 - SYSTEM DRIVEN DISCLOSURES

Securities and Exchange Board of India (SEBI) vide circular no. CIR/CFD/DCR/17/2015 dated December 01, 2015, circular no. CFD/DCR/CIR/2016/139 dated December 21, 2016 and circular no. SEBI/HO/CFD/DCR1/CIR/ P/2018/85 dated May 28, 2018, implemented the system driven disclosures in phases, under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'). Further, SEBI vide circular no. SEBI/HO/ISD/ISD/CIR/P/2020/168 dated September 09, 2020 has also implemented the System Driven Disclosures for member(s) of promoter group and designated person(s) in addition to the promoter(s) and director(s) of company (*hereinafter collectively referred to as 'entities'*) under Regulation 7(2) of PIT Regulations pertaining to trading in equity shares and equity derivative instruments i.e. Futures and Options of the listed company (wherever applicable) by the entities and also provide the procedure for implementation of the system driven disclosures.

Further, SEBI vide Circular Ref No. SEBI/HO/ISD/ISD/CIR/P/2021/578 dated June 16, 2021 includes the listed debt securities of equity listed companies under the purview of the said System Driven Disclosures.

POINTS TO THE ENSURED WITH RESPECT TO THE SYSTEM DRIVEN DISCLOSURES:

1. Listed Companies are required to appoint one of the depositories as its designated depository.
2. The Listed Companies shall submit a consent letter in the prescribed format to the designated depository.
3. The Listed Companies are required to provide the information including PAN of the below mentioned categories/Level:
 - Director
 - CEO with Directorship
 - CEO – without Directorship
 - Employees upto two levels below CEO
 - Promoter
 - Promoter Group
 - Other Designated Persons as may be identified by the Board from time to time
4. **Any subsequent update in the above mentioned categories/Level are required to be updated to the designated depository on the same day.**
5. PAN is required to be provided in all cases except certain exempt cases. In exempt cases, beneficial owner ID details of demat accounts in depositories system should be provided.

SEBI vide Circular No. SEBI/HO/ISD/ISD/CIR/P/2021/617 dated August 13, 2021 has omitted the requirement of manual filing of disclosures under Regulation 7(2) (a) & (b) of PIT Regulations.

Further, SEBI vide Notification No. SEBI/LAD-NRO/GN/2021/46 dated August 13, 2021 issued SEBI (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2021 (*"Takeover Code"*) and omitted '**Regulation 30: Continual Disclosures**'. By omitting Regulation 30, continual disclosures by every person together with person acting with concert with him holds shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company, and promoter of every target company together with person acting with concert

with him shall no longer be required to disclose their aggregate shareholding and voting rights as of the thirty-first day of March to the stock exchange where the shares of the target company are listed and to the target company.

With the implementation of System Driven Disclosure, the manual filing of continual disclosures by entities and listed companies are no longer required under PIT Regulations and Takeover code and this automation of continual disclosure will enable transparency in trading activities.

Suggestions may be sent to
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