

**AMENDMENT IN SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015**

SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/59 dated December 31, 2018 and SEBI/LAD-NRO/GN/2019/02 dated January 21, 2019 has amended the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("SEBI Insider Regulation).

Out of the several amendments made in the insider trading regulations through above amended regulations, the scope of persons covered under the regulation has been enhanced and terms of policies & codes made under such regulation has been significantly amended, inter-alia. The actions to be taken by the applicable Companies pursuant to the said amendments are briefed below:

**EFFECTIVE DATE**

They shall come into force on April 01, 2019, unless otherwise specified in Regulation 7(1) of SEBI Insider Regulation, 2015, as amended.

**AMENDMENTS**

<b>SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015</b>	
<b>ACTIONS TO BE TAKEN BY THE COMPANY</b>	
<b>Regulation</b>	<b>BOARD OF DIRECTORS SHOULD PASS A RESOLUTION FOR</b>
3(2A)	Revising the Policy under Regulation 8 for determination of "legitimate purpose" as a part of "Code of Fair Disclosure and Conduct"
3(5)	Maintaining the Structured digital database containing the names of such persons or entities as the case may be with whom information is shared along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available
9(1)	Amending the Code of Conduct to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons.

9(4) read with Schedule B (3)	Specifying the designated persons and immediate relatives of designated persons to be covered under the code of conduct
9A	Authorizing the Chief Executive Officer or the Managing Director or such other analogous person to ensures compliance with regulation 9 and sub-regulations (1) and (2) of this regulation.
9A (5)	Approval of policy and procedure for inquiry in case of leak of UPSI or suspected leak of UPSI
<b>Regulation</b>	<b><u>AUDIT COMMITTEE SHALL REVIEW</u></b>
9A	Compliance with the provisions of these Regulation 9A at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
<b>Regulation</b>	<b><u>POLICY TO BE REVISED</u></b>
3(2A) & 8	Code of Fair Disclosure and Conduct must include determination of 'legitimate purpose'
9(1)	Code of Conduct must cover trading by its designated persons and immediate relatives of designated persons.
9A read with 3(5)	Policy to be Framed for adequate and effective system of internal controls to ensure compliance and prevent insider trading and must include the internal adequate control for structured digital database as per Reg. 3(5)
9A(6)	Whistle Blower Policy to be amended and include the awareness to report instances of leak of UPSI.
9A (5)	Frame policy and procedure for inquiry in case of leak of UPSI or suspected leak of UPSI
Schedule B (15)	Process for how and when people are brought 'inside' on sensitive transactions.
<b>Regulation</b>	<b><u>COMPLIANCES TO BE ENSURED THAT</u></b>
3(2A) & 8	Revised policy for Code of Fair Disclosure and Conduct update on the website and disclose to the stock exchange
9(4)	Specify its designated persons latest by 31st March, 2019 and board should review the same at least on quarterly basis
7(1) & 7(2)	Promoter Group should give their initial disclosure up to 21st Feb, 2019
9(2)	Company should have the list of intermediaries and whether they have framed their code of conduct or not.
9(1)	Revised Code of Conduct must be circulated to all its designated persons and their consent/acceptance to be obtained.
3(2B)	Company shall give due notice to such persons to maintain confidentiality who are in receipt of UPSI pursuant to "legitimate purpose"

Regulation	EVENT BASED COMPLIANCES
3(3) & 3(4)	Board Resolution to be passed as per Regulation 3(3) if required as per Takeover Regulations and enter into Non-Disclosure Agreement
4	As per Regulation 4, any off market trade must be reported by the insiders to the company within 2 working days and Company should further intimate the same to the stock exchange within 2 working days from receipt of the disclosure.
7(2)	In case of continual disclosure under Reg. 7(2), member of the promoter group and designated persons are also covered to make disclosure.
SUGGESTIONS	
The Company should enter into Non-Disclosure Agreement with every person /intermediaries with whom they share the UPSI.	
Companies should take necessary actions in terms of amended regulations to be in compliance as on 01.04.2019.	

Link of the Notification: <https://www.sebi.gov.in/legal/regulations/jan-2015/sebi-prohibition-of-insider-trading-regulations-2015-issued-on-15-jan-2015-28884.html>

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**Suggestions may be send to [rupesh@cacsindia.com](mailto:rupesh@cacsindia.com)**

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