

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 17th July, 2020

SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING)
(AMENDMENT) REGULATIONS, 2020

No. SEBI/LAD-NRO/GN/2020/23.—In exercise of the powers conferred under Section 30 read with clause (g) of sub-section (2) of Section 11 and clauses (d) and (e) of Section 12A of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to amend the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, namely: —

1. These regulations may be called the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020.

2. They shall come into force on the date of their publication in the Official Gazette.

3. In the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, —

I. in regulation 3,

i. sub-regulation 5, shall be substituted with the following, namely-

“(5) The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared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

ii. after sub-regulation 5, the following shall be inserted, namely, -

“(6) The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.”

II. in regulation 7, in sub-regulation 2, after clause (b), the following shall be inserted, namely, —

“(c) The above disclosures shall be made in such form and such manner as may be specified by the Board from time to time.”

III. in Schedule B,

i. in clause 4, sub-clause 3 (b), after the words “delisting offer”, the words “or transactions which are undertaken through such other mechanism as may be specified by the Board from time to time” shall be inserted.

ii. clause 12 shall be substituted with the following, namely-

“Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, etc., that may be imposed, by the listed company required to formulate a code of conduct under sub-regulation (1) of regulation 9, for the contravention of the code of conduct. Any amount collected under this clause shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.”

iii. in clause 13, the words “inform the Board promptly” shall be replaced by the words “promptly inform the stock exchange(s) where the concerned securities are traded, in such form and such manner as may be specified by the Board from time to time”.

IV. in Schedule C,

i. clause 10 shall be substituted with the following, namely-

“Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, etc., that may be imposed, by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, for the contravention of the code of conduct. Any amount collected under this clause shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.”

- ii. in clause 11, the words “inform the Board promptly” shall be replaced by the words

“promptly inform the stock exchange(s) where the concerned securities are traded, in such form and such manner as may be specified by the Board from time to time”.

AJAY TYAGI, Chairman

[ADVT.-III/4/Exty./118/2020-21]

Footnotes:

1. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 was published in the Gazette of India on January 15, 2015 vide No. LAD-NRO/GN/2014-15/21/85.

2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 was amended on,-

- i. December 31, 2018 by the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 vide No. SEBI/LAD-NRO/GN/ 2018/59;
- ii. January 21, 2019 by the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 vide No. SEBI/LAD-NRO/GN/ 2019/02.
- iii. July 25, 2019 by the Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 vide No. SEBI/LAD-NRO/GN/ 2019/23.
- iv. September 17, 2019 by the Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 vide No. SEBI/LAD-NRO/GN/ 2019/32.