

FAQs on System Driven Disclosure (SDD) in Securities Market

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) were amended and notified vide Gazette Notification No. SEBI/LAD-NRO/GN/2020/23 dated July 17, 2020. Accordingly, SEBI vide circular no. SEBI/HO/ISD/ISD/CIR/P/2020/168 dated September 09, 2020 decided to implement the system driven disclosures in phased manner.

To begin with the SDD is being implemented 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.

The SDD shall pertain to trading in equity shares and equity derivative instruments. SEBI shall subsequently enhance the coverage of system driven disclosures under Regulation 7(2) of PIT Regulations to include other securities.

There have been few queries received from market participants seeking clarification with regard to SDD. To address the queries commonly received from the issuers and the following FAQs are issued:

General Queries:

Q1: To whom is the SEBI circular no. SEBI/HO/ISD/ISD/CIR/P/2020/168 dated September 9, 2020 applicable?

A: SEBI circular is applicable to all companies listed on nationwide stock exchanges viz; **NSE, BSE and MSEI.**

Q2: Whether information including PAN of Promoter(s) including member(s) of the promoter group, director(s) and designated person(s) is to be provided to both the depository?

A: **No.** In terms of SEBI circular no. SEBI/HO/ISD/ISD/CIR/P/2020/168 dated September 9, 2020, a listed company is required to designate one of the depositories as its designated depository and provide the information including PAN number of Promoter(s) including member(s) of the promoter group, director(s) and designated person(s) as per PIT Regulations. Therefore, information is to be only provided to the designated depository.

Q3: What is the timeline for reporting changes in information about Promoters, members of the promoter group, director(s), and designated persons of the listed Company to designated depository?

A: In case of any subsequent update in the information about Promoters, members of the promoter group, director(s), designated persons, the listed company shall update the information with the designated depository on the same day.

Q4: Whether PAN and demat accounts details are required to be provided?

A: **No.** PAN is required to be provided in all cases except PAN exempt cases. In case of PAN exempt cases, BO ID details of demat accounts in depositories system should be provided.

Q5: What is PAN exempt case?

A: Entities/multilateral agencies which are exempt from paying taxes/filing tax returns in India or investors residing in the State of Sikkim are exempted from the mandatory requirement of PAN these type of entities can be considered under PAN exempt cases.

Q6: What details are to be provided in case Promoters, members of the promoter group, and designated persons do not have PAN or Demat Account?

A: In case of persons/entities who do not have PAN or Demat Account say for example; Foreign Nationals who are directors and designated persons in listed companies and do not have PAN or Demat Account, companies need not provide their details. As and when these persons/entities obtain PAN, the company may provide the details to designated depository.

Q7: How does the issuer designate a depository?

A: Issuer needs to choose any one of the depository as its designated depository in the manner as specified by the depositories.

Q8: Although the required promoter/ promoter group details were already provided by R&T agent to depositories, is the issuer required to provide such details again to the Designated Depository?

A: Yes, Issuers need to upload the latest details once again to their Designated Depository using respective Issuer login.

Q9: With implementation of system driven disclosures, are manual disclosures as required in regulation 7 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 still required to be submitted by every promoter, member of the promoter group, designated person and director to the listed entity and listed entity in turn with the stock exchanges?

A: Yes, the manual disclosures shall continue to be submitted till further intimation in this regard.

Q10: PAN Details of the Promoter including members of the promoter group is to be shared with depositories, where shall the definition of the promoter group be referred from?

A: The definition of promoter and promoter group is available in regulation 2(oo) and 2(pp) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
