

## FAQs on SEBI (PIT) Regulations 2015

### Question:

Whether requirement of pre-clearance is applicable for exercise of employee stock options?

### Answer:

Employee stock options being issued under SEBI (Share Based Employee Benefits) Regulations, 2014, the exercise of such stock options is covered under clause 4(3)(b) of Schedule B of the SEBI (PIT) Regulations, 2015. However, sale of shares by employees obtained after exercise of options shall not be covered under the aforesaid Clause. Thus, no pre-clearance is required for exercise of stock options.

### Question:

Whether trading in ADRs and GDRs by employees of Indian companies who are foreign nationals is covered under provisions of PIT Regulations on code of conduct?

### Answer:

Yes, trading in ADRs and GDRs of listed companies is covered under relevant provisions of PIT Regulations. Employees of such companies, including foreign nationals, who are designated persons, shall be required to follow the code of conduct for trading in ADRs and GDRs. For such disclosures by such designated persons, a unique identifier analogous to PAN may be used.

### Question:

What information should a listed Company maintain in its structured digital database under Regulation 3(5), in case the designated person is a fiduciary or intermediary?

### Answer:

<sup>1</sup>[The listed company should maintain structured digital database internally, which shall contain information including the following:

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<sup>1</sup> Substituted pursuant to amendment in SEBI PIT Regulations, 2015 dated July 17, 2020. (Erstwhile FAQ read as follows- *The listed company should maintain the names of the fiduciary or intermediary with whom they have shared information along with the Permanent Account Number (PAN) or other unique identifier authorized by law, in case PAN is not available. The fiduciary / intermediary, shall at their end, be required to maintain details as required under the Schedule C in respect of persons having access to UPSI. For example: If the listed company has appointed a law firm or Merchant Banker in respect of fund raising activity, it should obtain the name of the entity, so appointed, along with the PAN or other identifier, in case PAN is not available. The law firm or the Merchant Banker would in turn maintain its list of persons along with PAN or other unique identifier (in case PAN is not available), in accordance with Regulation 9A(2)(d) and as required under Schedule C, with whom they have shared the unpublished price sensitive information.*)

- (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.

Similarly, another structured digital database should be maintained internally by fiduciary or intermediary, capturing information as mentioned above at point (i) and (ii), in accordance with Regulation 9A (2)(d) and as required under Schedule C.

For example: The listed company (X) has appointed a Law firm or Merchant Banker (Y) in respect of fund raising activity and (A) from listed company has shared the said UPSI with (B) of Law firm or Merchant Banker.

The structured digital database of (X) should capture the nature of UPSI shared, details of (A), (Y) and (B), along with their PAN or other unique identifier (in case PAN is not available).

The Law firm or the Merchant Banker (Y) shall in turn maintain another structured digital database internally capturing the nature of UPSI received/shared, details of (X), (A) and (B) along with their PAN or other unique identifier (in case PAN is not available), in accordance with Regulation 9A(2)(d) and as required under Schedule C.]

### **Question**

In case a designated person resigns, what information should be collected by the company/ intermediary/ fiduciary under PIT Regulations?

### **Answer**

All information which is required to be collected from designated persons, should be collected till date of service of such employees with the company. Upon resignation from service of designated person, a company/ intermediary/ fiduciary should maintain the updated address and contact details of such designated person. The company/intermediary/ fiduciary should make efforts to maintain updated address and contact details of such persons for one year after resignation from service. Such data should be preserved by the company/ intermediary/ fiduciary for a period of 5 years.

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