



COMPILATION OF INFORMAL GUIDANCE - SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

(Period October 2015 –September 2022)

PREFACE

1. Securities and Exchange Board of India (SEBI) gives guidance under SEBI (Informal Guidance) Scheme 2003, in which a Department of SEBI provides an interpretation of a specific provision of any Act, Rules, Regulations, Guidelines, Circulars or other legal provision being administered by SEBI in the context of a proposed transaction in securities or a specific factual situation. The informal guidance may be sought for and given in two forms: No-action letters and interpretive letters.
2. In order to enable the users to have an access to all the Informal Guidance sought/given relating to SEBI (Prohibition of Insider Trading) (PIT) Regulations, 2015 at one place, this document has been prepared, which consolidates all the informal guidance issued relating to SEBI (PIT) Regulations, 2015 during the period October 14, 2015 to September 30, 2022 at a single place. The weblink to each of the informal guidance has also been appended. In case of any inconsistency between this document and the respective informal guidance, the content of the respective informal guidance shall prevail.

September, 2022

CONTENTS

1. In the matter of Binani Industries Ltd (BIL) (Applicant's letter dated September 01, 2015).....	4
2. In the matter of Mindtree Ltd regarding SEBI (Prohibition of Insider Trading Regulations), 2015 (Applicant's letter dated August 10, 2015)	5
3. In the matter of Geetanjali Trading and Investment Private Limited (Applicant's letter dated September 11, 2015)	6
4. In the matter of KPIT (Applicant's letter dated July 21, 2015)	7
5. In the matter of Indo Thai Securities Ltd (Applicant's letter dated March 05, 2016)	8
6. In the matter of HDFC Bank Ltd (Applicant's letter dated May 26, 2016)	9
7. In the matter of Tide Water Oil Co (India) Ltd (Applicant's letter dated August 24, 2016)	10
8. In the matter of Kotak Mahindra Bank Ltd (Applicant's letter dated September 26, 2016)	11
9. In the matter of SBI Capital Markets Ltd (Applicant's letter dated September 27, 2016)	12
10. In the matter of Kirloskar Chillers Pvt Ltd (Applicant's letter dated December 02, 2016)	Error! Bookmark not defined.
11. In the matter of Prabhudas Lilladher Pvt Ltd (Applicant's letter dated October 17, 2016)	14
12. In the matter of Kotak Mahindra Bank Ltd. (Applicant's letter dated March 01, 2017)	15
13. In the matter of Star Cement Ltd (Applicant's letter dated March 22, 2018)	16
14. In the matter of Hawkins Cookers Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated May 28, 2018)	17
15. In the matter of HDFC Securities Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015(Applicant's letter dated August 07, 2018)	18
16. In the matter of SBI Funds Management Private Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated August 09, 2018)	19
17. In the matter of M/s. Shreevatsaa Finance and Leasing Limited under SEBI (SAST) Regulations, 2011 and SEBI (PIT) Regulations, 2015(Applicant's letter dated August 01, 2018)	20
18. In the matter of Apollo Tricoat Tubes Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated August 07, 2019)	21
19. In the matter of Arvind Ltd. under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated June 03, 2019)	22
20. In the matter of R S Software (India) Ltd. under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated July 03, 2019)	23
21. In the matter of Gujarat State Petronet Ltd. (Applicant's letter dated May 13, 2019)	24
22. In the matter of Nimish Upendrabhai Patel under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Applicant's letter dated August 30, 2019)	25
23. In the matter of KP Capital Advisors Private Ltd. under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated June 24, 2020)	26

24. In the matter of Raghav Commercial Limited under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015. (Applicant's letter dated February 07, 2020)	27
25. In the matter of KCP Ltd. under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated January 06, 2021)	28
26. In the matter of KDDL Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated July 16, 2021)	30
27. In the matter of Yes Bank Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated January 13, 2021)	33
28. In the matter of Deepak Nitrite Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated February 11, 2021)	35

**Compilation of Informal Guidance sought by the Market Participants under SEBI
(Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") for the period
October 14, 2015- September 30, 2022.**

1. In the matter of Binani Industries Ltd (BIL) (Applicant's letter dated September 01, 2015)

Date of Upload	October 14, 2015
Query(s) in brief	Triton Trading company (TTC), promoter group of BIL, holding 45.55% share capital of BIL and reasonably expected to have UPSI at the time of pledge and throughout the period of pledge, would be prohibited from dealing with any securities of BIL including the creations of proposed pledge in favour of lenders. Accordingly, sought clarification as to whether the Proposed Pledge by TTC will be hit by the PIT Regulations.
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Sub-regulation (1) of Regulation 4 of PIT Regulations. • SEBI's Guidance note dated August 24, 2015
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<ul style="list-style-type: none"> • <i>The concerned transaction may impact the share price of BIL, if it is published. Consequently, such a transaction may be construed to be price sensitive in nature, and may thus attract the provisions of PIT Regulations.</i> • <i>The guidance note dated August 24, 2015, on this particular matter says that Creation or invocation of Pledge is allowed when trading window is closed. However, the pledgor or pledgee may demonstrate that the creation of pledge or invocation of pledge was bona fide and prove their innocence under proviso to sub-regulation (1) of regulation 4 of the Regulations. From the facts presented by you in the letter, bona fide intent has not been demonstrated.</i> • <i>Considering the circumstances of this matter, particularly the representation made by you that disclosure of the concerned transactions may impact the share price of BIL, 'No - Action Letter' in respect of the given transaction cannot be issued.</i>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/oct-2015/informal-guidance-in-the-matter-of-binani-industries-ltd_31578.html

2. In the matter of Mindtree Ltd regarding SEBI (Prohibition of Insider Trading Regulations), 2015 (Applicant's letter dated August 10, 2015)

Date of Upload	October 21, 2015
Query(s) in brief	Mindtree Limited (ML) has sought an interpretive letter on exercise of ESOPs/ESPS, applicability of restrictions on "Contra Trade" to designated employees in case of ESOPs/ESPS exercise. ML has also sought clarification whether any senior person of the company who is not reporting to the Board can be appointed as the Compliance Officer and can more than one person be appointed as the Compliance Officer
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 2(1)(c) • SEBI's Guidance note dated August 24, 2015
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<ul style="list-style-type: none"> • Exercise of ESOPs shall not be considered to be "trading" except for the purposes of Chapter III of the PIT Regulations. Further, <i>SEBI had issued a Guidance Note on SEBI (Prohibition of Insider Trading) Regulations, dated August 24, 2015 and the same may be referred. The guidance note is available on the SEBI website.</i> • <i>Reference may be drawn to the Regulation 2 (1)(c) of SEBI (PIT) Regulations, 2015 defining Compliance Officer</i> <i>The functions and responsibility of the Compliance Officer are specified in Regulation 2 (1)(c) of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company may at its discretion appoint any senior officer as the Compliance Officer, necessarily report to the Board of directors or head of the organization as the case may be. Appointing any other person shall not be in accordance with the Regulations. In case of appointing more than one person as Compliance Officer they shall be held jointly and severally responsible.</i>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/oct-2015/informal-guidance-in-the-matter-of-mindtree-ltd-regarding-sebi-prohibition-of-insider-trading-regulations-2015_31580.html

3. In the matter of Geetanjali Trading and Investment Private Limited (Applicant's letter dated September 11, 2015)

Date of Upload	November 09, 2015
Query(s) in brief	<p>Geetanjali Trading and Investments Pvt. Ltd. (GTIPL) belongs to the "Promoter and Promoter Group" of Asian Paints Limited (APL). Together with its two wholly owned subsidiaries GTIPL holds 16.29% of the paid-up equity share capital of APL and these three entities have been borrowing term loans from financial institutions by pledging the shares of APL in favour of the lenders.</p> <p>GTIPL and its two wholly owned subsidiaries being part of the promoter and promoter group of APL, these entities are perpetually in possession of UPSI relating to APL. Accordingly, sought clarification as to whether activities like pledging and de-pledging which fall under "trading" will be hit by the PIT Regulations.</p>
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Sub-regulation (1) of Regulation 4 • SEBI's Guidance note dated August 24, 2015
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<ul style="list-style-type: none"> • <i>SEBI, vide Guidance note dated August 24, 2015 ("SEBI Guidance Note"), has already clarified its position with respect to applicability of SEBI PIT Regulations in case of pledging of shares. The Guidance note has also been referred to by you in your letter under consideration.</i> • <i>SEBI, through the above mentioned guidance note has stated that creation or invocation of pledge is prohibited while in possession of UPSI. However, the pledgor or pledgee may demonstrate that the creation of pledge or invocation was bona fide and prove their innocence under proviso to sub-regulation (1) of regulation 4 of the Regulations. This depends on the facts of each case.</i> • <i>It is further stated that if and when you carry out any pledge transaction, it shall be expected to be within the spirit of the SEBI PIT Regulations and as has been brought out in the SEBI Guidance Note, the onus to demonstrate bone fide intention behind such transactions shall lie with pledgor/pledgee. It is presumed from your letter dated September 11, 2015 that the pledging of shares is for genuine business purposes and such pledges are created in accordance with provisions of the applicable laws with appropriate disclosures in compliance with various SEBI Regulations. In such a case, the defence provided in Regulation 4 (1) of SEBI PIT Regulations will be available to you.</i>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/nov-2015/informal-guidance-in-the-matter-of-geetanjali-trading-and-investment-private-limited_31579.html

4. In the matter of KPIT (Applicant's letter dated July 21, 2015)

Date of Upload	January 29, 2016
Query(s) in brief	KPIT Technologies has implemented a cashless ESOP Plan which is operated through a trust. Clarification was sought whether exercise of an ESOP by any person including a designated person, and the sale of the resultant shares attract any contra-trade restrictions. Also, whether cashless exercise of ESOPs by the trust for employees who are not designated persons, attract contra trade restrictions under SEBI(PIT) Regulations.
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • SEBI's Guidance note dated August 24, 2015 • Chapter III
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<ul style="list-style-type: none"> • <i>SEBI, vide Guidance note dated August 24, 2015 ("SEBI Guidance Note"), has already clarified its position with respect to applicability of SEBI PIT Regulations in case of pledging of shares. The Guidance note has also been referred to by you in your letter under consideration.</i> • <i>The guidance note, on this particular matter states that Exercise of ESOPs shall not be considered to be "trading" except for the purposes of Chapter III (Disclosures of Trading by Insiders) of the Regulations. Further, it is stated by way of an example in the Guidance note that if a designated person has sold/ purchased shares, he can subscribe and exercise ESOPs at any time after such sale/purchase, without attracting contra trade restrictions.</i> • <i>Thus, it is clarified that the exercise of ESOP by any person including a designated person, and the sale of such shares so acquired under ESOPs shall not attract contra trade restrictions. The cashless exercise of ESOPs by the trust for employees, who are not designated persons, shall also not attract contract trade restrictions under SEBI (PIT), Regulations, 2015.</i> • <i>Further, it is seen that trust is not undertaking trades in its own capacity but acting solely on behalf of the employees to give effect to exercise of ESOPs. Thus in light of the guidance note dated August 24, 2015, it appears that acquisition of shares by the trust to give effect to exercise of ESOP by employees may not be considered as trade for the purpose of contra trade restrictions.</i>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/jan-2016/informal-guidance-issued-in-the-matter-of-kpit_31577.html

5. In the matter of Indo Thai Securities Ltd (Applicant's letter dated March 05, 2016)

Date of Upload	May 02, 2016
Query(s) in brief	Indo Thai Securities Ltd in its letter has inter alia sought guidance w.r.t formulation of trading plan, its approvable and applicability (queries as mentioned at point 3(a),3(b),3(c),3(d) and 3(e) in the interpretative letter issued in this regard).
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 4 • Regulation 4(1) • Regulation 5
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p>(1,2,3)</p> <p>4. <i>Regulation 4 of PIT Regulations prohibits trading by Insider when in possession of UPSI, except under circumstances provided for in proviso to Regulation 4(1).</i></p> <p>5. <i>With reference to the first query at point 3(a), it may be stated at the outset that any trading by Insider in securities that are listed or proposed to be listed on a stock exchange, while in possession of unpublished price sensitive information, is prohibited. However, an Insider may opt to trade by formulating a Trading Plan and get it approved by a Compliance officer for approval as per the SEBI (PIT) Regulations, 2015.</i></p> <p>6. <i>It may be stated that Regulation 5 of PIT Regulations entitles the insiders to formulate a trading plan for the purpose of trading in securities which are listed or proposed to be listed, while in possession of Unpublished Price Sensitive Information (UPSI). The provision is intended to provide an option to persons who may be perpetually in possession of UPSI to trade in securities in a compliant manner. Therefore, with reference to the second query at point 3(b), it is stated that if the Promoter is also an Insider, he may formulate a trading plan and submit the same to Stock Exchange as it is a defence available to the Insider if he trades as per the Trading Plan while in possession of UPSI. However, once a trading plan is approved, the insider has to mandatorily comply with the said trading plan. In the absence of a trading plan, other defences provided in the provisos to Regulation 4(1) are available to insiders in such a case.</i></p> <p>7. <i>Additionally, please refer to your query at point 3 (c). In this regard, attention is drawn to the para 8 (iii) of the Scheme which states that SEBI may not respond to the request in which the requestor has no direct or proximate interest.</i></p> <p>8. <i>With respect to query at para 3(d) and (e) it is stated that the queries are ambiguous and hypothetical and hence, no reply is warranted according to para 8(ii) of the Scheme.</i></p> <p>9. <i>With regards to trading plan, it may be noted that the trading plan is an option provided to all insiders to prove their innocence if they trade in securities, listed or proposed to be listed, while in possession of UPSI.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/may-2016/informal-guidance-in-the-matter-of-indo-thai-securities-ltd_32492.html

6. In the matter of HDFC Bank Ltd (Applicant's letter dated May 26, 2016)

Date of Upload	August 12, 2016
Query(s) in brief	HDFC Bank Ltd has sought interpretative letter as to whether deals under discretionary portfolio management scheme by the portfolio manager for the employee of the Bank or his relative is in compliance with the provisions of SEBI (PIT) Regulations, 2015 under the following circumstances: (a) When the employee of the bank or his relative has no control over the investment making decisions and is in possession of UPSI of the bank or listed companies with which the bank deals (b) When the trading window is closed of the bank or of the company with which the bank deals.
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 4(1) • Regulation 4 • Section 4 of Schedule B
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>i. Regulation 4(1) of PIT Regulations unambiguously states that no insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information.</i></p> <p><i>ii. Further, in the explanatory notes to Regulation 4 of PIT Regulations it is mentioned that when a person who has traded in securities has been in possession of UPSI, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.</i></p> <p><i>iii. It is therefore inferred from the above that dealing in securities, whether it is direct or indirect, is not relevant, but that any insider when in possession of UPSI should not deal in securities of the company to which the UPSI pertains. Even while dealing in such securities through a discretionary portfolio management scheme, the trades of insider shall be assumed to be motivated by the knowledge and awareness of UPSI.</i></p> <p><i>iv. With respect to dealing in securities, when the trading window of the Bank is closed, it may be noted that section 4 of Schedule B of the PIT Regulations mandates operation of a notional trading window as an instrument of monitoring trading by the designated person. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of UPSI. Thus, Regulation 4(1) read with section 4 of Schedule B of the PIT Regulations, infers that dealings by the Bank or the company with which the Bank deals in securities through a discretionary portfolio management scheme, when the trading window is closed, shall be assumed to be motivated by the knowledge and awareness of UPSI.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/aug-2016/informal-guidance-in-the-matter-of-hdfc-bank-ltd_32966.html

7. In the matter of Tide Water Oil Co (India) Ltd (Applicant's letter dated August 24, 2016)

Date of Upload	November 01, 2016
Query(s) in brief	M/s Standard Greases and Specialties Pvt. Ltd. ("SGSPL") acquired through an open offer, the shares of M/s. Tide Water Oil Company (India) Limited ("TWOCIL") from the open market consequent to which the shareholding of SGSPL is 27.69% of the paid-up share capital of TWOCIL. SGSPL is joint promoter of TWOCIL and proposes to acquire further shares of TWOCIL. TWOCIL in its letter has inter alia sought interpretative letter w.r.t (i) Is there any scope to add a condition of "maximum value per share not exceeding certain amount" along with the specification of number of shares to be purchased during the trading plan period (ii) Can a plan inter alia include that a certain number of shares would be purchased during the trading plan period subject to "maximum value per share not exceeding a certain amount (iii) Would inclusion of condition being "maximum value per share not exceeding certain amount" along with the total number of shares to be purchased ,defeat the aforesaid restriction from deviation of plan as referred in Reg. 5(4) of PIT Regulations?
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 5(2)(v) • Regulation 5(4)
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>i. From a plain reading of Regulation 5(2)(v) of the PIT Regulations, it appears that the provision mandates setting out either the value of trades or the number of securities to be traded. From the letter dated September 27, 2016, it appears that you intend to include a certain number of shares in the trading plan subject to " maximum value per share not exceeding a certain amount".</i></p> <p><i>iii. It may be stated that such condition on the purchase of shares subject to a certain limit on the price of the shares, may lead to deviation from the number to shares that will be specified in the trading plan.</i></p> <p><i>iv. It appears that the intention of the legislation is to make the parameters decided by the entity, mandatory in nature and the same has to be specific, so that eventually there is no room for ambiguity or scope for market abuse. Further, placing a condition of maximum price also induces uncertainty into the trading plan which may not be in compliance with Regulation 5(4) which requires that a trading plan once formulated cannot be deviated from. Hence, if an entity plans to include a certain number of shares to be purchased in a trading plan, it has to mandatorily confirm to the same.</i></p> <p><i>v. Further, it could also be construed that being an insider, the entity is providing hint or inducing the investors on the future pricing of its securities. Therefore, such disclosure of future pricing would entail market abuse and thus it may be construed as not being in the spirit of the regulations.</i></p> <p><i>vi. In this regard, attention is drawn to para 3 of the Guidance Note dated August 24, 2015 on SEBI (Prohibition of Insider Trading) Regulations, 2015 which states that "Any trading opted by a person under Trading Plan can be done only to the extent and in the manner disclosed in the plan, save and except for pledging of securities."</i></p> <p><i>vii. With respect to query at (i) above it is stated that there is no scope under the Regulations 5(2)(v) of the PIT Regulations to add a condition of " maximum value per share not exceeding a certain amount" along with the specification of number of shares to be purchased during the trading plan period.</i></p> <p><i>viii. With respect to query at (ii) and (iii) above, it may be stated that the inclusion of the condition being 'maximum value per share not exceeding a certain amount' along with the total number of shares to be purchased may defeat the restriction from deviation of trading plan as referred in Regulation 5(4) of the PIT Regulations.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/nov-2016/informal-guidance-in-the-matter-of-tide-water-oil-co-india-ltd_34124.html

8. In the matter of Kotak Mahindra Bank Ltd (Applicant's letter dated September 26, 2016)

Date of Upload	November 02, 2016
Query(s) in brief	Kotak Mahindra Ltd in its letter had sought an interpretive letter on the following questions: (i) Whether the restriction on contra trade by Designated Persons is applicable only in respect of the listed company's own securities or for all listed securities (ii) Whether the guidance provided by SEBI exempting the applicability of restriction on contra trade in respect of Buy back offers, open offers, rights issues, FPO s, bonus, exit offers etc. will also be applicable in case of securities subscribed in an IPO.
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 9 • Clause 3, 4 and 10 of Schedule B • SEBI's Guidance note dated August 24, 2015
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>i. With regard to the query mentioned at (i) above, following provisions of the PIT Regulations may be applicable-</i></p> <p><i>Regulation 9 of the PIT Regulations</i></p> <p><i>Clause 3 of Schedule B of the PIT Regulations</i></p> <p><i>Clause 4 of Schedule B of the PIT Regulations</i></p> <p><i>Clause 10 of Schedule B of the PIT Regulations provides that-</i></p> <p><i>From, the reading of Clause 3 and 4 with Clause 10 of Schedule B of the PIT Regulations it is inferred that the code of conduct restricts contra trades in those securities of which the UPSI is available with the designated persons.</i></p> <p><i>ii. With regard to the second query mentioned at (ii) above, it may be stated that the neither PIT Regulations nor the guidance note dated August 24, 2015 exempts contra trades in cases of securities subscribed in an IPO.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/nov-2016/informal-guidance-in-the-matter-of-kotak-mahindra-bank-ltd_33704.html

9. In the matter of SBI Capital Markets Ltd (Applicant's letter dated September 27, 2016)

Date of Upload	November 25, 2016
Query(s) in brief	SBI Capital Markets Ltd (SBICAP), being an intermediary, is maintaining a restricted list in compliance with the SEBI(PIT) Regulations. All the companies in which SBICAP is handling any assignment and is privy to any UPSI are put in this restricted list. An interpretive letter is sought for-Whether the restriction on SBICAP or any of its employees, of not executing a contra trade within six months as provided in clause 10 of Schedule B of PIT Regulations, is applicable on securities which are not in their restricted list
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 9 • Clause 3,4,7,8 and 10 of Schedule B
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p>With regard to the query mentioned above, <i>following provisions of the PIT Regulations may be applicable-</i></p> <p><i>Regulation 9 of the PIT Regulations</i></p> <p><i>Clause 3 of Schedule B of the PIT Regulations</i></p> <p><i>Clause 4 of Schedule B of the PIT Regulations</i></p> <p><i>Clause 7 of Schedule B of the PIT Regulations</i></p> <p><i>Clause 8 of Schedule B of the PIT Regulations</i></p> <p><i>Clause 10 of Schedule B of the PIT Regulations</i></p> <ul style="list-style-type: none"> • <i>From the reading of Clause 3 and 4 with Clause 7,8 and 10 of Schedule B of the PIT Regulations, it may be inferred that the code of conduct restricts the contra trades in those securities of which the designated persons are reasonably expected to have access to UPSI and such restriction is construed to be in respect of securities to which the UPSI pertains.</i> • <i>It is noted from your letter that being an intermediary, SBICAP is maintaining restricted list of all the companies in which SBICAP handling any new assignment and is privy to any UPSI. It is understood that restricted list maintained by SBIC AP for pre-approval of trades is, in accordance with Schedule B of PIT Regulations. However, contra trade restriction either on SBICAP or any of its employees for trading in securities of the listed companies which are not in the restricted list would depend on the connection that SBICAP or its designated employee has with the concerned listed company and subsequent possession of or access to UPSI.</i> • <i>If SBICAP or its employee is a connected person with a listed company and possess or have access to UPSI, such restriction shall be applicable, while on the other hand, for securities of the listed companies where no connection and possession or access to UPSI is envisaged, there may not be a need to impose the above restriction.</i>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/nov-2016/informal-guidance-in-the-matter-of-sbi-capital-markets-ltd_33761.html

10. In the matter of Kirloskar Chillers Pvt Ltd (Applicant's letter dated December 02, 2016)

Date of Upload	March 16, 2017
Query(s) in brief	Kirloskar Chillers Pvt. Ltd. (KCPL) is a private limited company and Kirloskar Brothers Limited (KBL) is a public limited. KCPL is a part of the promoter group of KBL since KCPL is closely held by certain promoters of KBL. KCPL intends to acquire 50,000 equity shares, constituting 0.06% of the paid-up capital of KBL. KCPL its letter had inter alia sought an interpretive letter on the following questions: Whether KCPL requires a pre-clearance from KBL merely because it is a promoter, even though it has no role in the management of KBL or have any access whatsoever to UPSI and whether a compliance officer has the power to reject pre-clearance request for reasons extraneous to the CoC and PIT Regulations (queries as mentioned at point 5(i),5(ii),5(iii),5(iv) and 5(v) in the interpretative letter issued in this regard).
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Clause 1 and 6 of Schedule B • Section 9(1) • Schedule B • Regulation 2(1)(c)
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>PIT regulations by nature are prohibitive Regulations and the applicability of its provisions, is with respect to Insiders and such concerned securities to which a UPSI might pertain; so as there is no undue advantage accrued to such class of investors, on account of their access to UPSI; at the expense of other investors or general market participants.</i></p> <p><i>i. With respect to the query at 5(i), attention may be drawn to clause 6 of Schedule B of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) As per the above clause, it may be stated that pre-clearance is required to be obtained only by " Designated persons" if the value of the proposed trades is above such thresholds as stipulated by the board of directors. Thus a promoter, if designated as a " designated person" by the board of directors in consultation with the compliance officer, will be required to obtain pre-clearance for trading.</i></p> <p><i>ii. With respect to query at para 5(ii), 5(iii) and 5(iv), attention may be drawn to Section 9(1) of the PIT Regulations -</i></p> <p><i>It may be stated that the Code of Conduct framed by the board of directors of every listed company and market intermediary, has to be in line with the standards set out in Schedule B, without diluting the provisions of PIT regulations.</i></p> <p><i>Further, attention is drawn to Regulation 2(1)(c) of the PIT Regulations</i></p> <p><i>Further, it may be stated that Schedule B of the PIT Regulations casts certain obligations on the Compliance Officer which has to be complied accordingly. The compliance officer may approve or reject a pre-clearance request after necessary assessment as per the PIT Regulations and the Code of Conduct.</i></p> <p><i>iii. With respect to query at para 5(v), attention may be drawn to Clause 1 of Schedule B of PIT Regulations</i></p> <p><i>Thus, it may be stated that the compliance officer acts under the overall supervision of the board of directors or the audit committee. Any question with respect to the act of compliance officer whether or not extraneous to the powers so conferred according to the PIT Regulations and the Code of Conduct, may be referred to the board of directors and the audit committee for examination in accordance with the extant laws and the relevant facts of the case. It is reiterated that the basic intent of PIT Regulations is that no undue advantage accrue to certain category of investors on account of their access to UPSI, and it is assumed that in this regard, any actions of Compliance Officers, Board of Directors or other entities entrusted with ensuring adherence to these Regulations, should be to ensure compliance in letter and spirit to the PIT regulations and not for any ulterior motive.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/mar-2017/informal-guidance-in-the-matter-of-kirloskar-chillers-pvt-ltd_34374.html

11. In the matter of Prabhudas Lilladher Pvt Ltd (Applicant's letter dated October 17, 2016)

Date of Upload	April 06, 2017
Query(s) in brief	Prabhudas Lilladher Pvt Ltd in its letter had sought -whether certain bonds can also be exempted from the definition of securities, whether a Senior Professional who does not have access to UPSI can request the Compliance officer for exclusion as "designated person", clarification w.r.t the contra Trade (queries as mentioned at point 3(i),3(ii),3(iii),3(iv),3(v) and 3(vi) in the interpretative letter issued in this regard).
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 2(1)(d)(ii)(j) • Regulation 2(1)(i) • Clause 10 of Schedule B • Schedule B • SEBI's Guidance note dated August 24, 2015
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>At the outset it may be pertinent to point out that PIT regulations by nature are prohibitive Regulations and the applicability of its provisions, is with respect to Insiders and such concerned securities to which a UPSI might pertain; so as there is no undue advantage accrued to such class of investors, on account of their access to UPSI; at the expense of other investors or general market participants.</i></p> <p><i>i. With regard to your query mentioned at para 3(i), it may be stated that any person, irrespective of being listed or unlisted, may be covered by the definition of "connected persons" if that person has a connection with the company that may put him in possession of UPSI. Attention is drawn to Section 2(1)(d)(ii)(j) of the PIT Regulations</i></p> <p><i>It may be stated that the term "company" in the phrase "director of company or his immediate relative or banker of the company" in the above mentioned regulation implies a listed company to which UPSI may pertain.</i></p> <p><i>ii. With regard to your query mentioned at para 3(ii) it may be stated that the exclusion provided from the definition of securities in Regulation 2(1)(i) of the PIT Regulations, is with respect to Mutual funds unit only.</i></p> <p><i>iii. With respect to your query mentioned at para 3(iii), it may be stated that employees and connected persons are designated on the basis of functional role and not only on seniority. The code of conduct applies to all connected persons and not only to designated persons. It may further be stated that designated persons are specified by the Board of Directors in consultation with the compliance officer.</i></p> <p><i>iv. With respect to the query at 3(iv) and 3(v), it may be stated that "Contra Trade" is not defined in the PIT Regulations. However, Contra trade may be construed as opposite trading or reversal of the actual position.</i></p> <p><i>In regard to your interpretation of the PIT Regulations at Table I of your letter dated October 17, 2016, attention may be drawn to Clause 10 of Schedule B of the PIT Regulations</i></p> <p><i>From the above, it may be stated that the restriction to execute contra trades is construed to be only in respect of securities to which the UPSI pertains and will be applicable to designated persons as they are reasonably expected to have access to UPSI and thus insiders.</i></p> <p><i>It may also be pointed out that in case of Intermediaries, a restricted list is maintained by the compliance officer for pre approval of trades, in accordance with Schedule B of PIT regulations.</i></p> <p><i>v. With respect to the query at 3(vi), it is noted that the Guidance note on PIT Regulations dated August 24, 2015 states that A spouse is presumed to be an 'immediate relative', unless rebutted so. Further, whether a written declaration is sufficient or not is a hypothetical question and validity of the same can only be ascertained on case to case basis.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/apr-2017/informal-guidance-in-the-matter-of-prabhudas-lilladher-pvt-ltd_34546.html

12. In the matter of Kotak Mahindra Bank Ltd. (Applicant's letter dated March 01, 2017)

Date of Upload	May 05, 2017
Query(s) in brief	<p>Kotak Mahindra Bank Ltd in its letter had inter alia sought interpretative letter w.r.t following queries:</p> <p>(i) whether disclosure in Form C pertaining to the change in the holdings of securities needs to be made in case of some transactions e.g. Bonus, Shares received pursuant to the Scheme of Amalgamation/Demerger, Gift or Off market transaction like transfer of shares to a family trust account where there is no consideration amount involved i.e. the traded value of securities is nil</p> <p>(ii) at what value should the aforesaid transactions be disclosed.</p>
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 7(2)(a) • Regulation 6(2)
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>i. With regard to the first query mentioned above, the following provisions of the said SEBI PIT Regulations, 2015 may be applicable-</i></p> <p><i>Regulation 7(2)(a) of the said PIT Regulations, 2015</i></p> <p><i>From the above it is understood that number of securities acquired or disposed beyond the given threshold have to be disclosed, irrespective of the mode of acquisition or disposal. Therefore, with respect to the first query, disclosure pertaining to change in holdings of securities needs to be made; by the concerned promoter/employee/director to the company and in turn by the company to the stock exchanges.</i></p> <p><i>Further, the said PIT Regulations, are primarily aimed at preventing abuse by trading when in possession of unpublished price sensitive information ("UPSI"). The same is inter alia also mentioned in the explanatory note under Regulation 6(2) of PIT Regulations, in Chapter III covering Disclosure of Trading by Insiders as well. Accordingly, various provisions of PIT Regulations, including disclosures, are in respect of UPSI relating to a security or in respect of trading by persons who may have access to such UPSI. Therefore, any wilful trading by such insiders is either prohibited; when in possession of certain UPSI; or otherwise required to be disclosed beyond a certain threshold.</i></p> <p><i>In cases, wherein the person getting allotment of shares has no role in the transaction in question and relevant information or disclosure of such transaction is already in the public domain, for eg, in case of bonus shares or shares received pursuant to Scheme of amalgamation/demerger etc, a separate disclosure may not be necessary. For all other instances as quoted by you, like off market transaction or gifts, disclosure must be made in accordance with provisions of PIT Regulations.</i></p> <p><i>ii. With respect to the second query, the term value of securities traded is interpreted as the prevailing market value of the securities on the day they were acquired or disposed off. The same may be used for the purpose of calculation of threshold value beyond which disclosure is required; and must also be disclosed in the referred form.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/may-2017/informal-guidance-in-the-matter-of-kotak-mahindra-bank-ltd-34811.html

13. In the matter of Star Cement Ltd (Applicant's letter dated March 22, 2018)

Date of Upload	July 11, 2018
Query(s) in brief	Star Cement Ltd in its letter inter alia sought interpretative letter for: Whether the inter-se transfer on the stock exchange platform between the promoters by way of purchase of shares by the same promoter who had earlier sold shares within a prior period of six months in the open market will violate any provision of the PIT Regulations and subsequently, if the same promoter who had acquired shares from another promoter wants to sell shares in the open market within six months of the inter-se transfer, will the same violate the provisions regarding contra trade. Clarification is also sought whether provisions of contra-trade apply to promoters individually or whether the entire promoter group is considered the same. (queries as mentioned at point 5(i),5(ii) and 5(iii) in the interpretative letter issued in this regard).
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Clause 3 and 10 of Schedule B • Regulation 4(1) • Regulation 4(1)(i) • Regulation 9
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>PIT Regulations by nature are prohibitive in nature and the applicability of its provisions, is with respect to Insiders and such concerned securities to which a UPSI might pertain so that there is no undue advantage accrued to such class of investors, on account of their access to UPSI; at the expense of other investors or general market participants.</i></p> <p><i>i. With respect to the queries mentioned at para 5(i) and 5(ii), attention may be drawn to Clause 10 of Schedule B of the PIT Regulations</i></p> <p><i>Attention may also be drawn to Regulation 4(1) and 4(1) (i) of Chapter II of PIT Regulations</i></p> <p><i>Thus, even if a transaction constitutes a contra-trade, the compliance officer if empowered by the Board of Directors, may in appropriate cases, grant relaxation to the concerned designated person from the strict applicability of the provisions of contra trade provided that such grant of relaxation, does not result in the violation of the PIT Regulations in any other manner.</i></p> <p><i>Further, it may be inferred that the proposed on-market inter-se transfer between the promoters by way of purchase of shares by the same promoter who had earlier sold shares within a prior period of six months in the open market, may not qualify to claim the defence as contemplated in clause (i) of the proviso to Regulation 4(1) of PIT Regulations, which otherwise would have been available in case of off-market inter-se transfer. Thus, as against an off-market inter-se transfer as contemplated in clause (i) of the proviso to Regulation 4(1), an on- market transaction as conceived at the second leg may not qualify for grant of relaxation from strict applicability of provisions of contra-trade, from the Compliance Officer. In view of the above, since the second leg of the transaction itself would not sail through, the third leg of the transaction (i.e. the sale in open market, of those shares which are proposed to be acquired from the promoter in the second leg) becomes redundant and hence does not warrant a reply.</i></p> <p><i>ii. With respect to the third query, attention may be drawn to Regulation 9 of the PIT regulations</i></p> <p><i>Further to the above, Schedule B of PIT Regulations provides the minimum standards of Code of Conduct to Regulate, Monitor and Report Trading by Insiders. Reference may be made to Clause 3 of Schedule B of the PIT Regulation. Consequent to the above provisions, it may be inferred that, restrictions on contra trade as per clause 10 of Schedule B, do not apply to the promoter group per se. Such restrictions on contra-trade apply individually to persons, including promoters, who are identified as 'designated persons'.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/jul-2018/informal-guidance-in-the-matter-of-star-cement-ltd_39495.html

14. In the matter of Hawkins Cookers Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated May 28, 2018)

Date of Upload	August 09, 2018
Query(s) in brief	One of the independent directors of Hawkins Cookers Limited (HCL) wants to sell his equity shares of the company. The sale shall be done as per a trading plan as per the PIT Regulations. The said director is deemed to be perpetually in possession of UPSI. HCL in its letter had inter alia sought interpretative letter w.r.t whether the said director may submit a trading plan as required and proceed with executing the same without giving the undertaking (required while applying for pre- clearance) and procedure should be followed by the company such that the said director may lawfully execute the trade.
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 5 • Regulation 5 (3) • Regulation 9 • Schedule B
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>a} Regulation 5 of the PIT Regulations provides exception to the general rule that prohibits trading by insiders when in possession of UPSI. Further, regulation 5, inter alia, states that the trading plan shall be approved by the compliance officer and shall not entail trading in securities for market abuse. In this regard, regulation 5 (3) especially states that the compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of PIT Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.</i></p> <p><i>b) In the absence of an approved trading plan, designated persons are subject to the requirements of code of conduct formulated by your company in terms of regulation 9 read with schedule B to the PIT Regulations.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/aug-2018/informal-guidance-in-the-matter-of-hawkins-cookers-limited-under-sebi-prohibition-of-insider-trading-regulations-2015_39875.html

15. In the matter of HDFC Securities Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015(Applicant's letter dated August 07, 2018)

Date of Upload	October 19, 2018
Query(s) in brief	HDFC Securities Limited (HSL)approached certain clients who are senior employees (designated persons) of few companies for lending their shares allotted to them under ESOP under SLB mechanism. These clients raised queries regarding applicability of the PIT Regulations for such SLB transactions. These clients/ designated persons by virtue of their employment could be considered as insider and may be in possession of UPSI of their employer company whose shares they intend to lend in SLB mechanism. HSL had sought interpretive letter w.r.t whether transactions of lending and borrowing of securities done under SLBS fall within the definition of 'trading/trade' as defined in the PIT Regulations and attract the provisions of the PIT Regulations.
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 2(L) • Regulation 4(1)
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p>a) SLB is a mechanism for lending and borrowing of securities (i.e. equity shares) in the form of contracts, which are traded on an automated screen based order-matching platform. The price of such contracts is lending fee, which may derive its value from the underlying securities.</p> <p>b) It is seen that in SLB mechanism, the title of the securities lent vests with the borrower during lending period, the borrower is entitled to deal with or dispose of the securities borrowed and there is an agreement to return (as per terms of the SLB contracts) the underlying securities to lender at the end of the contract.</p> <p>c) Further, in the instant matter, the underlying securities are amenable for price discovery on an Exchange platform.</p> <p>d) Regulation 2 (L) of the PIT Regulations defines trading to mean and include subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly. Further, explanatory note to the said regulation, inter alia, states that '... it is intended to widely define the term "trading" to include dealing. Such a construction is intended to curb the activities based on unpublished price sensitive information which are strictly not buying, selling or subscribing, such as pledging etc. when in possession of unpublished price sensitive information.'</p> <p>e) Considering the contents of regulation 2(L) and the nature of the SLB mechanism, the transactions of borrowing/lending done under SLB mechanism constitute trade for the purpose of PIT Regulations.</p> <p>f) Further, as per Regulation 4(1) of the PIT Regulations, no insider shall trade in securities that are listed or proposed to be listed on stock exchange when in possession of UPSI.</p> <p>g) Accordingly, borrowing or lending of securities by an insider while in possession of UPSI with respect to underlying securities shall result in insider trading in terms of regulation 4(1) of the PIT Regulations provided that the insider may prove his innocence by demonstrating the circumstances as stated therein.</p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/oct-2018/informal-guidance-in-the-matter-of-hdfc-securities-limited-under-sebi-prohibition-of-insider-trading-regulations-2015_40760.html

16. In the matter of SBI Funds Management Private Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated August 09, 2018)

Date of Upload	October 23, 2018
Query(s) in brief	SBI Funds Management Private Limited (SBIFM) is the manager of SBI Alternative Equity Fund (SBIAIF). SBIFM is also Asset Management Company (AMC) of SBI Mutual Fund (SBIMF) and SBI Portfolio Management Services (SBIPMS). SBIFM in its letter had inter alia sought interpretative letter w.r.t whether employees of SBIFM can invest in units of SBIAIF schemes and whether the Code of Conduct under the SEBI(PIT) Regulations shall be applicable to employees of SBIFM for investment in units of SBIAIF schemes.
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 9 • Schedule B
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>Query No. 1</i></p> <p><i>a. Employees of AIF schemes can invest in the units of AIF subject to requirements specified in the AIF Regulations.</i></p> <p><i>Query No. 2</i></p> <p><i>b. It is stated in your captioned letter that the intended employees of SBIMF who wish to invest in units of S81 AIF schemes would have access to the information about the potential buying and selling of securities by SBI Mutual Fund.</i></p> <p><i>c. In addition, as per AIF Regulations, AIF schemes can invest in both listed and unlisted securities. Further, such listed securities are amenable for insider trading.</i></p> <p><i>d. In this regard, regulation 9 of the PIT Regulations states that the board of directors of every listed company and market intermediary shall formulate a code of conduct governing trading by their employees and other connected persons. The intent of such code is to set out the minimum standards required to achieve compliance with the provisions of the PIT Regulations, especially, for the purpose of dealing/trading in securities by the employees/other connected persons.</i></p> <p><i>e. Further, your attention is drawn to SEBI circular (dated 17/11/2016) regarding investment/trading in securities by employees of AMC(s) and Trustees of Mutual Funds. This circular is being followed by AMCs/Trustees of MFs for monitoring trading/investment by employees of AMC(s) and Trustees of MFs. As stated in the said circular, Trustees, AMCs, their employees and directors are required to follow the PIT Regulations.</i></p> <p><i>f. In view of the above, the code of conduct specified in regulation 9 read with schedule B to the PIT Regulations is applicable to trading/investment by employees of AIFs/AMC(s) in units of AIF schemes that invest in securities listed or proposed to be listed.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/oct-2018/informal-guidance-in-the-matter-of-sbi-funds-management-private-limited-under-sebi-prohibition-of-insider-trading-regulations-2015_40782.html

17. In the matter of M/s. Shreevatsaa Finance and Leasing Limited under SEBI (SAST) Regulations, 2011 and SEBI (PIT) Regulations, 2015(Applicant's letter dated August 01, 2018)

Date of Upload	January 21, 2019
Query(s) in brief	<p>Shri Praveen Kumar Arora (Applicant) is a shareholder and promoter group entity of the M/s. Shreevatsaa Finance and Leasing Limited (Target company) and holding shares constituting 64.61% of paid up equity share capital of the target company. Applicant is proposing to acquire 10.39% shareholding of the Target Company from the Promoter namely, Agarni Leasing and Finance Pvt. Ltd(ALFPL) (The entire shareholding of ALFPL, is held by brother and sister in law of the applicant). Pursuant to the transaction, applicant's shareholding will increase from the existing 64.61% to 75% in the target company. However, there will not be any change in the aggregate shareholding of the promoter group and in control and management of the target company on account of inter se transfers amongst promoter group entities. Applicant in its letter had inter alia sought interpretative letter w.r.t following:</p> <p>(i) whether an off market inter-se transfer of shares between the promoters of the Target company would come under the exemption of Regulation (4)(1)(i) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 or a trading plan is required as stated in provisions of Regulation 5 of the SEBI(PIT) Regulations.</p>
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 4(1) • Proviso (i) & (iii) to Regulation 4(1) • Regulation 4 • Regulation 5
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p>With respect to query (i) above: -</p> <p><i>(a,b,c,d).....</i></p> <p><i>e. Regulation 4(1) of the PIT Regulations reads as under: Trading when in possession of unpublished price sensitive information.....</i></p> <p><i>f. With respect to the guidance sought under the PIT Regulations, it may be noted that Regulation 4(1) of the PIT Regulations prohibits an insider to trade in securities that are listed or proposed to be listed on a stock exchange when in possession of the UPSI. However, the provisos to the said regulation provide the insider an opportunity to prove his innocence by demonstrating the existence of certain circumstances at the time of execution of the said transactions. As per proviso (i) to Regulation 4(1) of the PIT Regulations, one such circumstance is when the transaction is an off-market inter se transfer between 'promoters' who were in possession of the same UPSI and that both the parties had made a conscious and informed trade decision. The said proviso is not an exemption from complying with the provisions of Regulation 4 of the PIT Regulations but can only be used as a defense in case, an insider is charged for violating Regulation 4(1) of the PIT Regulations, 2015.</i></p> <p><i>g. Further, Regulation 5 of the PIT Regulations states about 'trading plans' and the provisions related thereto. The said provision only provides for an option to the insiders to formulate a trading plan as the said persons are presumed to be perpetually in possession of UPSI. If an insider opts to have a trading plan as per the regulation, then it may act as a circumstance to prove an insider innocent for the trades executed in terms of the proviso (iii) to Regulation 4(1) of the PIT Regulations.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/jan-2019/informal-guidance-in-the-matter-of-m-s-shreevatsaa-finance-and-leasing-limited-under-sebi-sast-regulations-2011-and-sebi-pit-regulations-2015-41718.html

18. In the matter of Apollo Tricoat Tubes Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated August 07, 2019)

Date of Upload	October 15, 2019
Query(s) in brief	Apollo Tricoat Tubes Limited in its letter had inter alia sought interpretative letter w.r.t whether a person who is merely continuing to be named as promoter owing to the provision of LODR but not acting as a promoter of the company and exercises no control, has no role in the management and not holding any position in the company will be identified as a 'non-designated persons' for the purpose of regulation 9 (4) of the SEBI(PIT) Regulations and if this non-designated person executes trade during trading window closure, whether it will tantamount to violation of clause 4 of the Schedule B of the SEBI(PIT) Regulations
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 9 (4) • Clause 4 of the Schedule B
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>a. Regulation 9 (4) of the PIT Regulations reads as follows:</i> <i>"The board of directors or such other analogous authority shall in consultation with the compliance officer specify the designated persons to be covered by the code of conduct on the basis of their role and function in the organisation and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include: -</i> <i>.....</i> <i>(iii) All promoters of listed companies and promoters who are individuals or investment companies for intermediaries or fiduciaries;</i> <i>....."</i></p> <p><i>b. The PIT Regulations identify promoters as designated persons. Hence, a person identified as a Promoter is required to comply with the code of conduct requirements as required by other designated persons.</i></p> <p><i>c. Mr. Saket Agarwal, by virtue of being named as a Promoter and on account of continuing to hold greater than 10% of the total voting rights in ATTL shall be identified as a designated person for the purpose of compliance with ATTL's code of conduct.</i></p> <p><i>d. Resultantly, any trade by Mr. Saket Agarwal during trading window closure would tantamount to violation of clause 4 of the Schedule B of the PIT Regulations.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/oct-2019/in-the-matter-of-apollo-tricoat-tubes-limited-under-sebi-prohibition-of-insider-trading-regulations-2015_44653.html

19. In the matter of Arvind Ltd. under SEBI (Prohibition of Insider Trading) Regulations, 2015
(Applicant's letter dated June 03, 2019)

Date of Upload	November 27, 2019
Query(s) in brief	<p>One of the promoters and director of Arvind Ltd (AL) is Mr. P, is holding shares of Arvind Ltd. under his PAN in the following capacity: in his personal capacity as an individual, in the capacity of trustee for the benefit of Mr. P's family, in the capacity of trustee for the benefit of the beneficiaries other than Mr. P's family and in the capacity of executor for various wills. AL had inter alia sought in the form of an Interpretive letter the following:</p> <p>(i) Whether Mr. P will be considered a designated person for the shares held by him under his personal capacity alone or for all the shares held under all the capacities.</p> <p>(ii) In case he is considered a designated person for all the capacities, i.e., individual, trustee and executor, will the restrictions of contra-trade provided in Clause 10 of Schedule B of the PIT Regulations be applicable to all the shares held in all the capacities collectively or individually? For example, if Mr. P has sold shares in the capacity of executor of a will to distribute the assets to the legal heirs of the will, will he become barred from buying shares of Arvind Ltd. in his personal capacity?</p> <p>(iii) Whether the restrictions of contra-trade will be applicable to any shares held under a trust not under the PAN of Mr. P but under PAN of other trustees of the trust</p>
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 9 (4) • Clause 10 of Schedule B • Clause 8 of Schedule C
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>a. With respect to query (i) above, it may be stated that regulation 9 (4) of the PIT Regulations, inter alia, specifies the persons to be identified as 'designated person' on the basis of role and function in the organization and the access that such role and function would provide to the unpublished price sensitive information (UPSI). The term 'designated person' is wide enough to include any person having such role and function in the organization which would provide access to UPSI to such person in the opinion of the board of directors after consultation with the compliance officer.</i></p> <p><i>b. Once the determination of 'designated person' is done as per the provisions of regulation 9 (4) of the PIT Regulations, the restrictions of contra-trade given in Clause 10 of Schedule B and Clause 8 of Schedule C of the PIT Regulations would be applicable to the designated person irrespective of the capacities in which such person holds shares in the company.</i></p> <p><i>c. It may also be noted that as per SEBI's Circular MRD/DoP/Cir-09/06 dated July 20, 2006 issued by MRD, a person holding shares in different capacities is required to hold such shares under the PAN of respective entity.</i></p> <p><i>d. Thus with respect to query (i) and (ii) above, it is stated that if Mr. P is specified as a 'designated person' by the board of directors of Arvind Limited, the restrictions of contra-trade would be applicable to all shares held under the PAN of Mr. P irrespective of the capacities in which Mr. P holds shares in the company.</i></p> <p><i>e. With respect to query (iii) above, it is reiterated that restrictions of contra-trade given in Clause 10 of Schedule B and Clause 8 of Schedule C of the PIT Regulations will be applicable to shares held by any designated person. Thus, if a trustee holds shares under his own PAN, restrictions of contra-trade will be applicable if such trustee is a 'designated person' in terms of regulation 9 (4) of the PIT Regulations.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/nov-2019/informal-guidance-in-the-matter-of-arvind-ltd-under-sebi-prohibition-of-insider-trading-regulations-2015_45091.html

20. In the matter of R S Software (India) Ltd. under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated July 03, 2019)

Date of Upload	December 16, 2019
Query(s) in brief	<p>A Trust in the name of 'R S Software Employee Welfare Trust' ("the Trust") was instituted with the objective of providing assistance to the employees. The Promoters/promoters Group, the Executive Director and Independent Directors of the applicant Company are desirous of acquiring the shares held by the Company's Employee Benefit Trust through Stock Market offering from the Trust to enable the company and the Trust to be in compliance with the provision of SEBI (SBEB) Regulations.</p> <p>Company had inter alia sought clarifications seeking interpretive letter with regard to the following queries: Whether these shares can be purchased by the Promoters & Promoters Group or Independent Directors by way of Block Deal and whether Regulation 5 of the SEBI(PIT)Regulations puts any restraint on this transaction</p>
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 4(1) • Clause (ii) of first proviso to Regulation 4(1) (ii) • Regulation 3 • Regulation 5
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>With reference to query mentioned above:</i></p> <p><i>(i, ii, iii)</i></p> <p><i>iv. Regulation 4(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) inter alia states that no insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of the UPSI. Clause (ii) of first proviso to Regulation 4(1) (ii) of PIT Regulations, inter alia, provides for the circumstances under which the insider may prove his innocence if the transaction was carried out through the block deal window mechanism between persons who were in possession of the UPSI without being in breach of Regulation 3 and both parties had made a conscious and informed trade decision.</i></p> <p><i>v. Regulation 3 of PIT Regulations which inter alia prohibits the communication or procurement of UPSI to any person including other insiders except where such communication is used for legitimate purposes and for performance of duties or discharge of legal obligations. In view of the above provisions, the fact remains that a person will be treated as an insider for all the purposes and has to demonstrate his innocence in case he trades while in possession of UPSI.</i></p> <p><i>vi. The SEBI (SBEB) Regulations do not indicate any regulatory requirement for promoters / promoter group to purchase shares sold by an Employee Trust. It only provides that inventory held by a company in Trust for providing benefits to its employees to be sold on the recognized stock exchange(s) where shares of the company are listed, within a period of five years from the date of notification (October 28, 2014) of the SEBI (SBEB) Regulations, subject to certain conditions.</i></p> <p><i>vii. In view of the above, the shares held by the Company's Employee Benefit Trust to be purchased by the promoters and promoters group by way of block deal cannot be regarded as regulatory compliance. Hence, all applicable legal requirements have to be complied with, if the trades are executed by way of block deal.</i></p> <p><i>viii. The clarification sought at 3(c) (mentioned at point 3(c) in the interpretive letter issued in this regard) is general in nature and does not describe the factual situation and hence does not warrant reply under clause 8 of the Informal Guidance Scheme.</i></p> <p><i>ix. Regulation 5 of the SEBI (PIT) Regulations, 2015 states about the trading plans and the provisions related thereto. The said provision only provides for an option to the insiders to formulate a trading plan as the said persons are presumed to be perpetually in possession of UPSI. Since the purchase of shares by the promoters is not a regulatory requirement, the query sought becomes redundant.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/dec-2019/in-the-matter-of-r-s-software-india-ltd-under-sebi-prohibition-of-insider-trading-regulations-2015_45324.html

21. In the matter of Gujarat State Petronet Ltd. (Applicant's letter dated May 13, 2019)

Date of Upload	January 07, 2020
Query(s) in brief	Gujarat State Petronet Ltd. had inter alia sought clarifications w.r.t Material Financial Relationship for multiple queries like - Whether only monetary transactions would construe to establish the Material Financial Relationship or even the non-monetary transactions would create a Material Financial Relationship, if Designated Person of a Company is making the payment of fees of his granddaughter and such amount of fees is exceeding 25% of the Designated Person's Annual Income, if Designated Person of a Company has gifted a small piece of land to her daughter on her birthday, the cost of which constitutes to be more than 25% of Designated Person's Annual Income etc.
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> Clause 14 of Schedule B
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>a. Query 1: The explanation to Clause 14 of Schedule B of the PIT Regulations explicitly states that material financial relationship shall mean a relationship in which "...one person is a recipient of any kind of payment such as by way of a loan or gift....", therefore, even non-monetary transactions would be construed to establish a material financial relationship.</i></p> <p><i>b. Query 2: As an immediate relative may rebut connectedness with the designated person, a designated person is also required to disclose the names of immediate relatives with whom he has a material financial relationship in the category of persons with whom the Designated Person has a Material Financial Relationship.</i></p> <p><i>c. Query 3: The term material financial relationship under Clause 14 of Schedule B to the PIT Regulations is explained as: "a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person."</i></p> <p><i>Accordingly, reply to each sub-query is as follows:</i></p> <p><i>i. Query 3 (i): The designated person shall be required to disclose the name of the granddaughter and in case the grand daughter is a minor, the name of both the parents and guardian, if any, in addition to the minor granddaughter.</i></p> <p><i>ii. Query 3 (ii) and 3 (iii): The designated person is required to disclose the name of his daughter when disclosing the name of persons with whom he has a material financial relationship.</i></p> <p><i>iii. Query 3 (iv): The designated person is required to disclose the name of his niece when disclosing the name of persons with whom he has a material financial relationship.</i></p> <p><i>iv. Query 3 (v): The designated person is not required to disclose the name of his maternal uncle who sponsors his trip when disclosing the name of persons with whom he has a material financial relationship.</i></p> <p><i>v. Query 3 (vi): The designated person is required to disclose the name of the person to whom the designated person makes payment for repaying his financial obligations.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/jan-2020/informal-guidance-request-of-gujarat-state-petronet-ltd-45574.html

22. In the matter of Nimish Upendrabhai Patel under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Applicant's letter dated August 30, 2019)

Date of Upload	February 03, 2020
Query(s) in brief	<p>Shri Dinesh Mills Limited (SDM) is a company are listed on BSE Limited. SDM had allotted warrants to its promoters / promoter group on preferential basis. As part of overall succession planning between the promoter families, it is desired by the Promoters / Promoter Group to transfer their current shareholding as well as all the shares received pursuant to conversion of warrants to their respective trusts. The promoters / members of Promoter Group are evaluating to migrate their shareholding in the Company to Acquirer Trusts as per the following steps:</p> <p>(a) Conversion of outstanding warrants into equity shares</p> <p>(b) Off-market transfer of shares by way of gift between family members to Bharatbhai Patel and Nimishbhai Patel. Nimish Upendrabhai Patel (Applicant) had sought clarification in the form of an Interpretative Letter with regard to the following queries: Whether the proposed inter-se off-market transfer of shares between insiders within a period of six months post receipt of shares by the same Promoters / members of the Promoter group pursuant to conversion of warrants will violate provisions regarding contra trade and If the Promoters / members of the Promoter group who had acquired shares through inter-se off-market transfer of shares or through block deal window mechanism between Promoters / members of the Promoter group, wants to transfer shares to the Acquirer Trusts within 6 months, whether the proposed transfer to the Acquirer Trusts within 6 months would violate the provisions regarding contra trade</p>
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Clause 10 of Schedule B • Clause 8 of Schedule C
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>Views on Query 1 and Query 2:</i></p> <p><i>(i) In the instant case, the said promoters have option to convert warrants any time within 18 months from the date of allotment in one or more tranches. The subsequent sale within 6 months may attract the contra trade restrictions under the PIT Regulations. Likewise, if the promoters / members of the promoter group who had acquired shares through inter-se off-market transfer of shares or through block deal window mechanism between promoters / members of the promoter group want to transfer shares to the acquirer trusts within six months, the proposed transfer to the acquirer trusts within 6 months may also attract the contra trade restrictions specified under the PIT Regulations.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/feb-2020/in-the-matter-of-nimish-upendrabhai-patel-under-sebi-substantial-acquisition-of-shares-and-takeovers-regulations-2011-sebi-prohibition-of-insider-trading-regulations-2015-and-sebi-issue-of-ca-45888.html

23. In the matter of KP Capital Advisors Private Ltd. under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated June 24, 2020)

Date of Upload	August 24, 2020
Query(s) in brief	<p>KP Capital Advisors Private Ltd in its letter had inter alia sought clarifications w.r.t monitoring trades in securities not in the restricted list and maintaining confidentiality about the restricted list seeking interpretive letter with regard to the following queries:</p> <p>(i) Is our understanding correct in terms of keeping the trades in unrestricted list outside the purview of compliance of SEBI(PIT)</p> <p>(ii) Is our understanding correct that the compliance officer can share the restricted list with the designated persons so that the latter can know the permissibility of their proposed trade.</p>
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 9(1) • Clause 4 and 5 of Schedule C
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p>(4.1, 4.2, 4.3,4.4)</p> <p>4.5. With respect to query at (i) above:</p> <p>4.5.1. Regulation 9(1) read with Clause 4 of Schedule C of the PIT Regulations stipulates that every intermediary registered with SEBI shall formulate a code of conduct approved by Board of Directors/Head(s) of the intermediary to regulate, monitor and report trading by its designated persons and their immediate relatives. Such trading shall be subject to pre-clearance by the compliance officer(s) above a certain value threshold as decided by board of directors or head(s) of the organisation of the intermediary. Therefore, trading in all securities by the designated persons shall be subject to pre-clearance by the compliance officer if its value is above a certain threshold. The restricted list shall be used as a basis for approving or rejecting applications for pre-clearance of trades.</p> <p>4.6. With respect to query at (ii) above:</p> <p>4.6.1. In terms of Clause 5 of Schedule C of PIT Regulations, compliance officer is responsible for maintaining restricted list on a confidential basis. Such restricted list shall be used by the compliance officer for approving or rejecting applications made for pre-clearance of trades. Such pre-clearance would decide the permissibility of proposed trade of designated employee for a given security. Therefore, sharing the restricted list with the designated persons would undermine the requirement of maintaining confidentiality of restricted list as stipulated in aforesaid Clause 5 of Schedule C of the PIT Regulations.</p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/aug-2020/in-the-matter-of-kp-capital-advisors-private-ltd-under-sebi-prohibition-of-insider-trading-regulations-2015_47389.html

24. In the matter of Raghav Commercial Limited under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015. (Applicant's letter dated February 07, 2020)

Date of Upload	September 02, 2020
Query(s) in brief	Raghav Commercial Limited in its letter had inter alia sought clarifications w.r.t applicability of contra trades and trading window restrictions seeking interpretive letter with regard to the following queries: a) Whether provision of contra-trade apply to trades made by an individual Promoter or whether the entire Promoter & Promoter Group is considered for the same (b) Assuming the Proposed Transaction (it is being proposed to undertake inter se transfer of certain number of share of the company amongst the promoter & promoter group by way of block deal executed on the stock exchange) is undertaken during the period wherein trading window restrictions are applicable, then whether the trading restriction as stipulated in Clause 4 of Schedule B of SEBI(PIT) regulations would apply in the aforesaid Proposed Transaction (i.e. between individual promoters and non-individual promoters by way of block deal executed on the stock exchange)
Relevant Regulation(s)/ Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 9 • Clause 3 of Schedule B • Regulation 3, • Regulation 4(1)(ii) • Regulation 4(1)
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>a) Query 1: Consequent to the provisions of regulation 9 of the PIT Regulations and clause 3 of Schedule B to the PIT Regulations, the contra trade restrictions apply to trades made by promoters individually and not the entire promoter group.</i></p> <p><i>b) Query 2: In the proposed transaction, there is an inter se transfer of shares from individual promoters to non-individual promoters through the block deal window mechanism while in possession of UPSI without being in breach of regulation 3 of the PIT Regulations and both parties make a conscious and informed trade decision. Hence, this proposed transaction shall be considered to fall within the meaning of transactions specified in regulation 4 (1) (ii) and the proposed transaction shall not attract trading window restrictions subject to the proviso to regulation 4 (1) and pre-clearance by the compliance officer.</i></p> <p><i>Nevertheless, it may be noted that the circumstances (i) to (vi) of regulation 4 (1) of the PIT Regulations are for demonstrating innocence and not an exemption from the applicability of regulation 4 of the PIT Regulations.</i></p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/sep-2020/in-the-matter-of-raghav-commercial-limited-under-sebi-substantial-acquisition-of-shares-and-takeovers-regulations-2011-and-sebi-prohibition-of-insider-trading-regulations-2015-47472.html

25. In the matter of KCP Ltd. under SEBI (Prohibition of Insider Trading) Regulations, 2015
(Applicant's letter dated January 06, 2021)

Date of Upload	February 08, 2021
Query(s) in brief	The Liquidator of Jeypore Sugar Company Limited ("JSCL") has approached KCP Limited ("KCPL") for clarification of sale of shares to promoter and CMD of KCPL during the closure of trading window in accordance with exemption provided in sub-regulation 3 of Regulation 4 of SEBI(PIT) Regulations, as off market transfer and inter-se sale between insiders. JSCL and KCPL managements are related to each other and form part of promoter group. KCPL in its letter had inter alia sought clarifications w.r.t (i) Can Promoter and CMD of KCPL acquire shares from the Liquidator of JSCL at market price, during the closure of trading window as off-market sale (ii) Can the compliance officer give clearance for sale of shares during the closing period of trading window (iii) Any other declarations/confirmations required to be obtained from the Liquidator of JSCL and promoter & CMD of KCPL for the sale.
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 4(1) • Clause 4(3) of Schedule B • Regulation 2 (1) (g) • Regulation 4 (1) (i) • Regulation 3
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p>(3).....</p> <p>3.1. Regulation 4(1) read with Clause 4(3) of Schedule B of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") states that:</p> <p>Clause 4(3) of Schedule B of the SEBI PIT Regulations, 2015 states that:</p> <p>3.2. With respect to query (i) above:</p> <p>3.2.1. It has been submitted that Dr. V. L. Indira Dutt (promoter and CMD of KCPL), agreed to buy/acquire shares (2,78,370 equity shares constituting 0.22% of the share capital) of KCPL from JSCL (JSCL being part of promoter group of KCPL) and that JSCL is under liquidation and that the said shares of KCPL were stated to have been released by the depository in favour of the Liquidator of JSCL.</p> <p>3.2.2. The proposed off-market transfer of shares is taking place between promoter & CMD of KCPL and JSCL (acting through the Liquidator). It has been further submitted that both the parties are insiders having no material information and are making a conscious and informed trade decision and that the sale is as per market price. Both parties have confirmed that they are well informed, indicating no information asymmetry.</p> <p>3.2.3. Since both Dr. V. L. Indira Dutt and JSCL are insiders in terms of Regulation 2 (1) (g) of PIT Regulations, the transaction referred hereinbefore would be covered under Regulation 4 (1) (i) of PIT Regulations amounting to inter-se transaction between insiders, who were/are in possession of the same information (indicating no information asymmetry) as long as it is not in breach of Regulation 3 of PIT Regulations. Further, this transaction would be exempted from the trading window restrictions as per clause 4(3) of Schedule B of the PIT Regulations.</p> <p>3.2.4. Hence, promoter and CMD of KCPL may buy/acquire equity shares of KCPL from the Liquidator of JSCL subject to pre-clearance by the compliance officer of KCPL in terms of Regulation 4(1) read with Clause 4(3) of Schedule B and Regulation 3 of the PIT Regulations.</p> <p>3.3. With respect to query at (ii) and (iii) above:</p> <p>3.3.1. In terms of Clause 4(3) of Schedule B of PIT Regulations, the proposed transaction would be exempted from trading window restrictions subject to pre-clearance by the compliance officer taking into account facts of the case. The compliance officer of KCPL may seek necessary declarations/confirmations from the parties including a confirmation that the proposed transaction is in compliance with the provisions of the Insolvency and Bankruptcy Code, 2016. The compliance officer of KCPL may also ensure compliance with the applicable reporting requirements under the PIT Regulations.</p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/feb-2021/in-the-matter-of-kcp-ltd-under-sebi-prohibition-of-insider-trading-regulations-2015_49050.html

Note – *The guidance sought in the matter of Symphony Limited under SEBI (SAST) Regulations, 2011 and SEBI (PIT) Regulations, 2015 (Applicant’s Letter June 23, 2016), was not provided, since the query mentioned in the applicant’s letter does not mention specific provision of the SEBI(PIT) Regulations. (https://www.sebi.gov.in/enforcement/informal-guidance/aug-2016/in-the-matter-of-symphony-limited-under-sebi-sast-regulations-2011-and-sebi-pit-regulations-2015_33037.html)*

26. In the matter of KDDL Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated July 16, 2021)

Date of Upload	September 13, 2021
Query(s) in brief	<p>The company (KDDL Limited) had come out with a Rights Issue of 10,86,956 Equity Shares of Rs.10 each at an issue price of Rs.230 each and Issue closed on May 07, 2021. The allotment of shares in the issue was completed on May 17, 2021. Dream Digital Technology Private Limited, member of the Promoter Group of the Company (hereinafter referred to as 'Buyer') holds 17,615 (0.14%) fully paid up equity shares as on date (July 16, 2021) in the company. This includes 2000 shares allotted pursuant to rights issue on May 17, 2021. Mr. Pranav Shankar Saboo, member of the Promoter Group of the Company (hereinafter referred to as 'Seller') holds 8,10,851 (6.37%) fully paid up equity shares as on date (July 16, 2021) in the Company. This includes 1,30,000 shares allotted pursuant to rights issue on May 17, 2021. Both Buyer and Seller are named in the shareholding pattern filed by the company for more than three years. Buyer proposes to buy equity shares of the company from seller through an Inter se transfer of shares ("Proposed transaction") as per Regulation 10(1)(a)(ii) of the SAST Regulations, 2011. KDDL Limited in its letter had inter alia sought clarifications w.r.t.</p> <ol style="list-style-type: none"> Whether the proposed inter-se transfer of shares between Insiders (Buyer and Seller) within a period of six months post the allotment of shares under Rights Issue of the Company will violate provisions regarding contra trade of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") and attract any penal provisions? Whether the Buyer who had sold shares of the Company on 15th February, 2021 through market transaction, can buy shares from Seller through inter-se transfer within 6 months from the above sale of shares? What will be the mode of such proposed transaction? Should it be off market or on market transaction? Whether closure of trading window restrictions would be applicable to the said proposed transaction? How should the price be calculated for such proposed transaction?
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Regulation 4(1) • Clause 4(3) of Schedule B • Clause 10 of Schedule B • Regulation 3
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p><i>5.1. Regulation 4(1), clause 4(3) and clause 10 of schedule B under Regulation 9 of PIT Regulations states that:</i> <i>Clause 4(3) of Schedule B states that:</i> <i>Clause 10 of Schedule B states that:.....</i></p> <p><i>5.2. With respect to query (i) above:</i></p> <p>5.2.1 In the instant matter, the Buyer intends to acquire shares of the Company from the Seller and both parties are part of the Promoter group. Clause 10 of Schedule B under Regulation 9 of PIT Regulations places a restriction on contra trades, if the same is executed during a period not less than six months. Hence, the issue under consideration is whether the proposed transaction, i.e., the</p>

inter se transfer of shares from the Seller to the Buyer post the rights issue dated May 17, 2021, would amount to a contra trade.

5.2.2 As clarified in the comprehensive FAQs on PIT Regulations available on the website of the Securities and Exchange Board of India ("SEBI") (FAQ no. 40), if the first trade is an acquisition by way of rights issue/FPO, then subsequent sale of shares before 6 months from date of acquisition would be considered as a contra trade.

5.2.3 It has been submitted by the Company in its letter that both the Buyer and Seller were allotted shares pursuant to Rights Issue on May 17, 2021(1st leg) and subsequent to which they are planning to execute the proposed transaction. Therefore, sell transaction (2nd leg) post acquisition through rights issue will attract contra trade restrictions, i.e. the Seller in this case will attract contra trade restrictions.

5.2.4 That being said, Clause 10 of Schedule B under Regulation 9 of PIT Regulations also provides an avenue for relaxation from the restriction on contra trades. It states that the compliance officer of a company may be empowered to grant a relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations.

5.2.5 Accordingly, the proposed transaction will attract the restriction on contra trade. However, the Compliance Officer of the Company may refer to the Company's Code of Conduct framed under the PIT Regulations and act accordingly while ensuring the compliance with provisions of the PIT Regulations.

5.3 With respect to query (ii) above:

5.3.1 As stated above, Clause 10 of Schedule B under Regulation 9 of PIT Regulations places a restriction on contra trades, if the same is executed during a period not less than six months. Further, as clarified by the FAQs on PIT Regulations (FAQ No. 43), these restrictions are applicable date wise.

5.3.2 It has been submitted by the Company in its letter that the Buyer had sold shares of the Company on 15th February, 2021 through a market transaction. In that scenario, the proposed inter-se transfer before the completion of 6 months from February 15, 2021 would attract contra trade restrictions in terms of the Code of Conduct framed by the Company under the PIT Regulations.

5.4 With respect to query (iv) above:

5.4.1 Clause 4(3)(a) of Schedule B under Regulation 9 of PIT Regulations states the following:

"The trading window restrictions mentioned in sub-clause (1) shall not apply in respect of –

(a) transactions specified in clauses (i) to (iv) and (vi) of the proviso to sub-regulation (1) of regulation 4 and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the Board;"

5.4.2 In terms of clause 4(3) (a) of Schedule B under Regulation 9 of PIT Regulations, the proposed transaction would be exempted from trading window restrictions subject to pre-clearance by the Compliance Officer of the Company and compliance with the respective regulations made by SEBI. Specifically, the parties will

	<p>have to ensure that the applicable conditions mentioned in the proviso to Regulation 4(1) are complied with to avail this exemption. The Compliance Officer of the Company may also ensure compliance with the applicable reporting requirements under PIT Regulations.</p> <p>5.5 <i>With respect to query at (iii) and (v) above:</i></p> <p>5.5.1 Paragraph 8 of the SEBI (Informal Guidance) Scheme, 2003 <i>inter alia</i> states that SEBI does not respond to certain types of requests such as (i) requests which are general and those which do not completely and sufficiently describe the factual situation; or (ii) requests which involve hypothetical situations; or ... (iv) where the applicable legal provisions are not cited.</p> <p>5.5.2 Considering that the Company has not provided the complete details of the proposed transaction (details of number/percentage of shares to be transferred, date of transfer, etc.) and the applicable legal provisions no reply is warranted with respect to these queries.</p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/sep-2021/in-the-matter-of-kddl-limited-under-sebi-prohibition-of-insider-trading-regulations-2015_52521.html

27. In the matter of Yes Bank Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated January 13, 2022)

Date of Upload	March 16, 2022
Query(s) in brief	<p>Yes Bank Limited ("YBL /Company/Bank") operates its Investment Banking, Merchant Banking & Brokerage businesses through YES Securities (India) Limited, wholly owned subsidiary of the Bank. YBL has adopted a referral model for doing business of Alternate Investment Funds (AIFs) wherein YBL Customers are referred to AIF AMCs signed up with YBL and commission is passed on to the Bank basis the agreed commission structure with AIF AMC. Employees (including immediate relatives) of the Bank may choose to invest their funds through AIF service offered by the Bank. Investments made by the Fund Manager in AIF schemes on behalf of the Investor (including the DP and their immediate relatives as Investor) may include investments in the companies whose UPSI is with the Bank and in turn with the DP. However, the Investor has no direct/ indirect control or influence over the investment making decisions of Fund Manager. Further, the DPs in any manner are not allowed to communicate any form of UPSI available with them with the Fund Manager, which can influence the investment decision of Fund Manager. YBL in its letter had inter alia sought clarifications w.r.t.</p> <p>i. <i>Whether the units allotted under AIF scheme are covered under the definition of Securities for the purpose of PIT Regulations?</i></p> <p>ii. <i>Whether the employees of the Bank covered as Designated Person s and their immediate relatives in terms of PIT Regulations are allowed to invest in AIF (Category; I, II & III)?</i></p>
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	<ul style="list-style-type: none"> • Securities Contracts (Regulation) Act, 1956 (SCRA) • 2 (da), (h), (ida) of SCRA, 1956 • Regulation 2 (1) (g), 3(1)(2), 4(1), 4(1) (i), 9(1) of PIT Regulations, 2015 • 2(1)(a) of AIF Regulations, 2012
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p>4.1 <i>Relevant provisions of the Securities Contracts (Regulation) Act, 1956 ("SCRA").....</i> <i>2(da) 2(h), 2(ida) of SCRA, 1956.....</i></p> <p>4.2 <i>Relevant provisions of the SEBI (PIT Regulations, 2015 ("PIT Regulations")</i> <i>2(1)(g), 3(1) (2), 4(1), of PIT Regulations,2015</i> <i>Regulation 9 (1) of PIT Regulations states that:</i></p> <p>4.3 <i>Relevant provisions of SEBI (AIF) Regulations, 2012 ("AIF Regulations").....</i> <i>2(1)(a) (b) of AIF Regulations, 2012</i></p> <p>4.4 <i>With respect to query (i) above:</i></p> <p>4.4.1 As per section 2 (h) of the SCRA, "securities" include units or any other instrument issued by any pooled investment vehicle. As per section 2 (da) of the SCRA and also as per regulation 2 (1) (b) of the AIF Regulations, AIFs are pooled investment vehicles. Therefore, units of AIF are securities in terms of the provisions of the SCRA.</p> <p>4.4.2 In terms of regulation 2 (1) (i) of the PIT Regulations, the term "securities" has the same meaning as contained in the SCRA, with only exception being the specific exclusion of units issued by mutual funds.</p> <p>4.4.3 Therefore, units of AIF are covered under the definition of "securities" for the purposes of PIT Regulations</p>

	<p>4.5 With respect to query (ii) above:</p> <p>4.5.1 It is stated in your captioned letter that investments made by the fund manager in AIF schemes on behalf of the Designated Persons ("DPs") and their immediate relatives may include investments in the companies whose unpublished price sensitive information ("UPSI") is with YBL and in turn with the DP.</p> <p>4.5.2 In this regard, Regulation 9(1) of PIT Regulations states that the board of directors of every listed company and of intermediary shall ensure that the chief executive officer or managing director shall formulate a code of conduct to regulate, monitor and report trading by its DPs and immediate relatives of DPs towards achieving compliance with PIT regulations, adopting the minimum standards set out in Schedule B (in case of a listed company) and Schedule C (in case of an intermediary) to the PIT Regulations.</p> <p>4.5.3 Further, Regulation 3 of PIT Regulations prohibits communication or procurement of UPSI to any person including other insiders except where such communication is used for legitimate purposes and for performance of duties or discharge of legal obligations. Also, regulation 4(1) of the PIT Regulations states that no insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of the UPSI. In view of the above provisions, the fact remains that a DP in possession of or having access to UPSI shall be treated as an insider and shall have to ensure compliance with provisions of the PIT Regulations.</p> <p>4.5.4 You may be aware that as per AIF Regulations, AIF schemes can invest in securities that are listed, proposed to be listed or unlisted. Further, in terms of the PIT Regulations, any person who is in possession of or having access to UPSI is considered an 'insider'. In the scenario presented by you, as the AIF scheme may invest in securities that are listed or proposed to be listed, and DP investing in such scheme may have access to UPSI in relation to such securities, the DP would be considered as insider and the provisions of PIT Regulations may get attracted based on the facts and circumstances of a specific case. Hence, regulations 3, regulations 4(1) of the PIT Regulations and the code of conduct specified in regulation 9 read with schedule B to the PIT Regulations may get attracted when there is trading/investment by the DPs (of YBL) or their immediate relatives in units of AIF schemes that invest in securities that are listed or proposed to be listed when the DPs are in possession of or having access to any UPSI in relation to such securities.</p> <p>4.5.5 Therefore, your employees covered as DPs and their immediate relatives may invest in units of AIF, subject to compliance with applicable provisions of PIT Regulations and AIF Regulations.</p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/mar-2022/in-the-matter-of-yes-bank-limited-under-sebi-prohibition-of-insider-trading-regulations-2015_56932.html

28. In the matter of Deepak Nitrite Limited (DNL) under SEBI (Prohibition of Insider Trading) Regulations, 2015 (Applicant's letter dated February 11, 2022)

Date of Upload	July 12, 2022
Query(s) in brief	<p>The Board of Directors of the company have announced a Qualified Institutional Placement (QIP) issue of Equity Shares of DNL upto Rs.2,000 Crores ('QIP') vide their Meeting held on December 22, 2021. The shareholders of the Company have approved the QIP by way of Special Resolution passed through Postal Ballot on January 27, 2022. The Board of Directors of the Company at their meeting held on January 24, 2022, have approved Unaudited Financial Results ('UFR') of the Company for the Quarter and Nine months' period ended December 31, 2021. The said UFR have been submitted to Stock Exchanges on January 24, 2022 within prescribed time limit. The company has submitted Investor Communication w.r.t. UFR on January 24, 2022 and has held an Investor Conference call on January 27, 2022 to discuss the performance of the Company and UFR. The transcript of the said Concall has been placed on the website of the company i.e. www.godeepak.com. As regards QIP, it will be launched at an appropriate time as may be decided by the Board of Directors or any committee thereof duly authorized in that behalf. The Issue Price of the QIP shall be determined as prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICD Regulations'). The Promoters/Promoter Group entities wishes to purchase Equity Shares of the Company from open market in compliance with the Code of Conduct of the Company on Prohibition of Insider Trading. The DNL in its letter had inter alia sought clarifications w.r.t. (i) <i>Whether pending QIP issue, its pricing and probable impact on Share Capital of the Company, which is not yet known and shall be determined as per ICD Regulations, be considered as Unpublished Price Sensitive Information?</i> (ii) <i>In view of the above, whether individual Promoters which include the Chairman & Managing Director and Executive Director & CEO of the company or any member of the promoter group can purchase shares of the company from open market during the pendency of QIP?</i></p>
Relevant Regulation(s)/Clause of SEBI(PIT) Regulations, 2015	Regulation 2(1) (d) (g) (n), 3(1) (2), 4(1), 5 of PIT Regulations, 2015
SEBI's Guidance (Based on the submissions made by the applicant in the instant case.)	<p>4.1 Relevant regulations of the SEBI (Prohibition of Insider Trading) Regulations, 2015 Regulation 2(1) (d) (g) (n), 3(1) (2), 4(1), 5 of PIT Regulations, 2015</p> <p>4.2 With respect to query (i) above:</p> <p>4.2.2 It is noted that the QIP issue will increase the capital of the company and in turn lead to a "change in capital structure" of the company. Change in capital structure of the company is per se UPSI as per Regulation 2(1) (n) of PIT Regulations.</p> <p>4.2.3 Accordingly, the pending QIP issue, its pricing and probable impact on Share Capital of the Company, is a UPSI.</p>

	<p>4.3 With respect to query (ii) above:</p> <p>4.3.2 As per Regulation 2(1) (g), “Insider” means a “connected person’ or a person “in possession of or having access to unpublished price sensitive information”. Regulation 2(1) (d) provides that a “connected person” means <u>any person</u> who is or has during the six months prior to the concerned act been associated with the company, directly or indirectly, <u>in any capacity</u> or by being a director, officer or an employee of the company <u>holds any position that allows such person</u> directly or indirectly, <u>access</u> to UPSI or is reasonably expected to allow such access. Therefore, the Chairman & Managing Director and Executive Director & CEO of the Company are “connected person’ and thereby deemed to be “insiders”. Further, based on facts and circumstances of each case, a member of the Promoter Group may be deemed to be “connected person” or may be in possession of UPSI or may have access to UPSI. Hence, such members of the Promoters Group may also be covered under the definition of “insider”.</p> <p>4.3.3 Regulation 3 of PIT Regulations <i>inter alia</i> prohibits the communication or procurement of UPSI to any person including other insiders except where such communication is used for legitimate purposes and for performance of duties or discharge of legal obligations. Further, regulation 4(1) of the PIT Regulations <i>inter alia</i> states that no insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of the UPSI.</p> <p>4.3.4 It may be noted that proviso to Regulation 4(1) of the PIT Regulations provides the circumstances which an insider may demonstrate to prove his innocence; which <i>inter alia</i> includes a trading plan set up in accordance with Regulation 5 of the PIT Regulations. Regulation 5 of the PIT Regulations provides an option to persons who may be perpetually in possession of UPSI, to trade by formulating a trading plan in compliance with the procedure mentioned in the Regulation.</p>
Weblink	https://www.sebi.gov.in/enforcement/informal-guidance/jul-2022/in-the-matter-of-deepak-nitrite-limited-under-sebi-prohibition-of-insider-trading-regulations-2015_60739.html