

AETL INSIDER TRADING CODE

(A Code to Regulate, Monitor and Report Trading by Designated Persons)

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Introduction

“Insider Trading”, as the term suggests, is trading in securities while in the possession of certain information that is not generally available to the public, which can materially impact the share price, known to them only or have an access to the same and not to the general body of shareholders, and thus make a profit or avoid loss.

Insider trading is not only unethical and immoral but also illegal as it fuels illegitimate speculation in the share prices on the Stock Exchanges. Such a profiteering by Insiders by misusing confidential information available to them by virtue of their position or connection with the Company erodes investors' confidence in the integrity of the management of a company and adversely impacts the capital markets

SEBI vide its Circular No. LD-NRO/GN/2014-15/21/85, dated January 15, 2015, had notified SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Regulations”), to be effective from May 15, 2015. Further, SEBI has notified amendments to the said regulations vide a notification dated December 31, 2018 introducing further changes to the existing provisions and introduction of new systems for better monitoring and control of the trading by the Insiders.

Regulation 9 contained in Chapter – IV of SEBI (Prohibition of Insider Trading) Regulation, 2015, provides for the formulation of a ‘Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders’.

This AETL Insider Trading Code (hereinafter referred to as the "Code") is being introduced primarily to incorporate the amendments notified by SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, revise the limits specified and replace the erstwhile “Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders”, effective from April 01, 2019.

1. Definitions

- 1.1 **“Act”** means the Securities and Exchange Board of India Act, 1992;
- 1.2 **“Board”** means the Board of Directors of the Company;
- 1.3 **“Code”** shall mean this AETL Insider Trading Code as amended from time to time;
- 1.4 **“Company”** means Advanced Enzyme Technologies Limited;
- 1.5 **“Committee”** means the Ethics and Inquiry Committee as explained in Rule 7 of this Code.
- 1.6 **“Compliance Officer”** means Company Secretary or such other senior officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the Regulations designated so and reporting to the Board of Directors and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI,

monitoring of Trades and the implementation of the codes specified in the Regulations under the overall supervision of the Board of Directors of the Company;

- 1.7 **“Closure of Trading Window”** means the period of 7 (seven) days prior to the date of Board meeting / meeting of any Committee of the Board determined for the purpose of considering the approval of Financial statements / results and/or any UPSI matter of the Company taken up for discussion or approval in the said meeting up to the date of announcement of the said UPSI or unaudited and/or audited annual results and 48 hours after such announcement;
- 1.8 **“Connected Person”** means:
- (i) any person who is or has during the 6 (six) months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, Fiduciary or employment relationship or by being a Director, officer or an employee of the Company or holds any position including a professional or Business relationship between himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to UPSI or is reasonably expected to allow such access.
 - (ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,
 - (a) an Immediate Relative of Connected Persons specified in sub-rule (i); or
 - (b) a Holding Company or Associate Company or Subsidiary Company; or
 - (c) an Intermediary as specified in Section 12 of the Act or an employee or Director thereof; or
 - (d) an Investment Company, Trustee Company, Asset Management Company or an Employee or Director thereof; or
 - (e) an Official of a Stock Exchange or of Clearing House or Corporation; or
 - (f) a member of Board of Trustees of a Mutual Fund or a Member of the Board of Directors of the Asset Management Company of a Mutual Fund or is an employee thereof; or
 - (g) a member of the Board of Directors or an employee, of a Public Financial Institution as defined in Section 2(72) of the Companies Act, 2013; or
 - (h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - (i) a Banker of the Company; or
 - (j) a concern, firm, trust, Hindu Undivided Family, company or association of persons wherein a Director of the Company or his Immediate Relative or Banker of the Company, has more than ten per cent, of the holding or interest;
- 1.9 **“Dealing in Securities”** means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company either as principal or agent;

- 1.10 **Designated Person(s)** means the following:
- (i) All Specified Person(s);
 - (ii) the Directors, the Promoter(s) and member(s) of the Promoter Group of the Company;
 - (iii) Immediate Relative(s) of all of the aforesaid;
 - (iv) Employees of Material Subsidiaries designated on the basis of functional role or access to UPSI in the organization along with their Immediate Relatives.
 - (v) Chief Executive Officer (“CEO”), or any other Director/Officer holding such similar position as that of a CEO, and employees upto two levels below the CEO of the Company, and Material Subsidiaries along with their Immediate Relatives.
 - (vi) Any support staff of the Company, such as IT staff or secretarial staff who have access to UPSI along with their Immediate Relatives.
- 1.11 **“Director”** means a member of the Board of Directors of the Company;
- 1.12 **“Employee”** means every employee of the Company including the Directors in the employment of the Company;
- 1.13 **“Fiduciaries”** shall mean and include all person or entities having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants, advisors etc.
- 1.14 **“Generally available Information”** means information that is accessible to the public on a non-discriminatory basis;
- 1.15 **“Immediate Relative”** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;
- 1.16 **“Insider”** means any person who is:
- (i) a Designated Person; a Connected Person; or
 - (ii) in possession of or having access to Unpublished Price Sensitive Information;
- 1.17 **“Key Managerial Person”** means person as defined in Section 2(51) of the Companies Act, 2013;
- 1.18 **“Promoter”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- 1.19 **“Promoter Group”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof

- 1.20 **"Regulations"** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto;
- 1.21 **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;
- 1.22 **"Specified Persons"** shall include:
- i) every employee in the grade of Vice President and above;
 - ii) every employee in the Finance, Accounts, Compliance and Legal, Investor Relations, Human Resources and the IT ("Information Technology") Departments; and
 - iii) any other person(s) as may be determined and informed by the Compliance Officer from time to time;
- 1.23 **"Takeover regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- 1.24 **"Trading"** means and includes the following:
- i) Subscribing, Buying, Selling, Dealing, or agreeing to Subscribe, Buy, Sell or Deal in any securities, and "Trade" shall be construed accordingly;
 - ii) Pledging of the securities of the Company including revocation/invocation of the pledge
 - iii) a gratuitous transfer of any securities of the Company;
 - iv) trading in the Securities of the Company through a Portfolio Management account whether discretionary or otherwise and on the basis of investment advice rendered by any other investment advisor.
- However, these rules shall not apply for dealings in Mutual Funds or any other dealings as may be exempted under Regulations, from time to time.
- 1.25 **"Trading Day"** means a day on which the recognized stock exchanges are open for trading;
- 1.26 **"Unpublished Price Sensitive Information"** ("UPSI") means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:
- i. Financial Results;
 - ii. Dividends if any;
 - iii. Change in Capital Structure;
 - iv. Mergers, De-mergers, Acquisitions, Delisting, Disposals and Expansion of Business and such other transactions;
 - v. Changes in Key Managerial Personnel;

Words and expressions used and not defined in this Code shall have the same meaning as contained in the SEBI (Prohibition of Insider Trading) Regulations 2015, SEBI (Issue of Capital and Disclosure Requirements) Regulations, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011, Securities and Exchange Board of India Act 1992, Securities Contracts (Regulation) Act 1956, the Depositories Act 1996 or the Companies Act, 2013 and rules & regulations framed thereunder (as amended from time to time).

2. Role of Compliance Officer

- 2.1 The Company Secretary of the Company shall be *de facto* Compliance Officer for the purpose of this Code and Regulations.
- 2.2 The Compliance Officer shall report on Insider Trading (as reported to the Company by the relevant Designated Person(s)) to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee on quarterly basis.
- 2.3 The Compliance Officer shall address all the clarifications as may be sought by any Designated Person(s) regarding the Regulations and the Code.

3. Preservation of “Unpublished Price Sensitive Information”

Insiders shall maintain the confidentiality of all UPSI of the Company. Insiders shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities. The following practices shall be followed in this regard:

3.1 Need-to-know

UPSI is to be handled by Insiders who are privy to such information on a “need to know” basis, i.e., Price Sensitive Information should be disclosed only to those who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of information. The sharing of information shall be in accordance with the “Legitimate Purpose” as defined in the Company’s Code of Practices and Procedures for Fair Disclosures of UPSI (as available on the website of the Company – www.advancedenzymes.com)

3.2 Limited access to confidential information

Designated Persons shall ensure that the files containing confidential information shall be kept secure. In the case of files and information maintained under electronic format, such files and information shall have adequate security such as login and password.

3.3 UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction which would:

- entail an obligation to make an open offer under the Takeover Regulations where the Board is of the opinion that the proposed transaction is in the best interests of the Company; or
- not attract the obligation to make an open offer under the Takeover Regulations but where the Board is of the opinion that the proposed transaction is in the best interests of the Company and the information that constitute UPSI is disseminated to be made generally available at least 2 (two) Trading days prior to the proposed transaction being effected in such form as the Board may determine.

However, the Board may require the parties to execute agreements of confidentiality and non-disclosure obligations and such parties shall keep information so received confidential and shall not otherwise Trade in Securities of the Company when in possession of UPSI.

4. Trading Plan

4.1 An Insider shall be entitled to formulate a trading plan for dealing in Securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which Trades may be carried out on his/her/its behalf in accordance with such plan.

4.2 Trading Plan shall

- (i) not entail commencement of Trading on behalf of the Insider earlier than 6 (six) months from the public disclosure of the plan;
- (ii) not entail Trading for the period between the twentieth Trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second Trading Day after the disclosure of such financial results;
- (iii) entail Trading for a period of not less than 12 (twelve) months;
- (iv) not entail overlap of any period for which another trading plan is already in existence;
- (v) set out either the value of Trades to be effected or the number of Securities to be traded along with the nature of the Trade and the intervals at, or dates on which such Trades shall be effected; and
- (vi) not entail Trading in Securities for market abuse.

4.3 The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of the 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.

Further, pre-clearance of Trades shall not be required for a Trade executed as per an approved trading plan.

Furthermore, Trading Window norms and restrictions on contra Trade shall not be applicable for Trades carried out in accordance with an approved trading plan.

- 4.4 The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any Trade in the Securities outside the scope of the trading plan.

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any UPSI and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such UPSI becomes generally available information.

- 4.5 Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the Securities of the Company are listed.

5. Trading Restrictions

5.1 Trading Window and Window Closure

Designated persons of the Company shall be subject to trading restrictions as enumerated below:

- i. The trading period, i.e. the trading period of the stock exchanges, called 'Trading Window', is available for trading in the Company's securities.
- ii. During the Closure of Trading Window period, the Designated Persons shall not Trade in the Company's Securities.
- iii. All Designated Persons shall conduct all their dealings in the Securities of the Company only during a valid Trading Window and shall not deal in any transaction involving the purchase or sale of the Company's securities during the periods when the Trading Window is closed, as referred to in sub-rule (ii) above or during any other period as may be specified by the Company from time to time.
- iv. In case of ESOPs if any, exercise of option is allowed in the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs is not allowed when Trading Window is closed.
- v. Notwithstanding anything mentioned in this rule or the definition of "Closure of Trading Window", the Trading Window shall be closed discretionarily when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI;
- vi. The Trading Window may be reopened after closure, not earlier than 48 hours after the UPSI in question becomes generally available.

- 5.2 The Compliance Officer shall intimate the Closure of Trading Window to all the Designated Persons of the Company (by sending emails to the emailids provided by the Designated Persons to the Company, by sending the requisite intimation to the Stock Exchanges where Securities of the Company are listed and displaying such intimation on the website of the Company), when it is determined that a Designated Person or class of Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. Such closure shall be imposed in relation to such Securities to which such UPSI relates.
- 5.3 The Compliance Officer after taking into account various factors including the UPSI in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the Trading Window, however in any event it shall not be earlier than forty-eight hours after the information becomes generally available.
- 5.4 The Trading Window restrictions shall also be applicable to all the Fiduciaries assisting or advising the Company.

6. Pre-clearance of Trades

- 6.1 All Designated Persons, who intend to deal in the Securities of the Company when the Trading Window is open and if the value of the proposed Trade whether in one transaction or a series of transactions in any calendar quarter, aggregates to a traded value equivalent to or exceeding Rupees 10 (ten) Lakhs (Trade value), shall pre-clear the transaction from the Compliance Officer. In case of Compliance Officer, the pre-clearance approval shall be accorded by the Chairman of the Company.
- 6.2 However, no Designated Person shall be entitled to apply for pre-clearance of any proposed Trade if such person is in possession of UPSI even if the Trading Window is not closed and hence is not allowed to Trade.
- 6.3 **Pre-clearance Procedure:**

The pre-dealing procedure shall be hereunder:

- (i) An application may be made in the annexed Form A (Part-I) to the Compliance Officer indicating the estimated number of Securities that the Designated Person intends to deal in, the details as to the depository with which he has a security account, the details as to the Securities in such depository mode and such other details as may be required by any policy made by the Company in this behalf.
- (ii) An undertaking as per annexed Form A (Part-II) shall be executed in favour of the Company by such Designated Person incorporating, *inter alia*, the following clauses, as may be applicable:

- a. That the Designated Person does not have any access or has not received “UPSI” up to the time of signing and submission of the undertaking to the Compliance Officer.
 - b. That in case the Designated Person has access to or receives “UPSI” after the signing / submission of the undertaking but before the execution of the transaction he/she/it shall immediately inform the Compliance Officer of the change in the position and that he/she/it shall completely refrain from dealing in the Securities of the Company till the time such information becomes public.
 - c. That he/she/it has not contravened the AETL Insider Trading Code as notified by the Company from time to time.
 - d. That he/she/it has made a full and true disclosure in the matter.
- (iii) All Designated Persons shall execute their order in respect of Securities of the Company within 7 (Seven) Trading Days after the date of pre-clearance approval. The Designated Person shall submit within 2 (two) Trading Days of the execution of the deal, the details of such deal with the Compliance Officer in the prescribed forms. In case the transaction is not undertaken, a report to that effect shall be filed in annexed Form C.
- (iv) If the order is not executed within the aforesaid 7 (Seven) Trading Days , the Designated Person must pre-clear the transaction again, subject to the provisions of this Code.
- (v) All Designated Persons who Buy or Sell any number of Securities of the Company shall not execute a contra Trade i.e. Sell or Buy any number of Securities during the next 6 (six) months following the date of the prior transaction. All Designated Persons shall also not take positions in derivative transactions in the Securities of the Company at any time. In case of any Contra Trade executed inadvertently or otherwise, in violation of such a restriction, the profits from such Trade shall be liable to be disgorged for remittance to the Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act.
- (vi) The Compliance Officer may waive off the holding period in case of sale of Securities after recording reasons for the same in writing provided such relaxation does not violate the provisions of the Regulations. Further, no such sale will be permitted when the Trading Window is closed.

7. Ethics and Inquiry Committee

There shall be a Committee called the “Ethics and Inquiry Committee” (“EIC”) under this Code presently comprising of the Whole-Time Director – (Operations), the Chief Financial

Officer of the Company and the Compliance Officer under this Code and such other member(s) as may be inducted by the Board from time to time. The EIC will concern itself with the following:

- i) To conduct an Inquiry into any violation or suspected violation of any provisions of this Code or the Regulations and take appropriate action in accordance with the procedure laid down in the Annexure - I.
- ii) To report to the Audit Committee on periodical basis and as and when called for by the Audit Committee, the violation, if any, of this Code and the actions thereon taken by the EIC for its perusal.

Quorum: Any two members

In case of any violation or suspected violation by any one or more of the EIC members, the Audit Committee shall play the role of EIC as mentioned herein.

8. Other Restrictions

- 8.1 The disclosures to be made by any person under this Code shall include those relating to trading in Securities by such person's Immediate Relatives, and by any other person for whom such person takes trading decisions.
- 8.2 The disclosures of trading in Securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Code.
- 8.3 The disclosures made under this Code shall be maintained for a period of 5 (five) years.

9. Reporting Requirements for transactions in securities

9.1 Initial / Yearly Disclosure

- 9.1.1 Every person on appointment as a Key Managerial Personnel (KMP) or a Director of the Company or upon becoming a Promoter or member of the Promoter Group shall disclose to the Compliance Officer in annexed Form B (Part-I), details of himself/herself/itself and his/her/its Immediate Relatives, the number of securities of the Company held by him and respective Immediate Relatives as on the date of becoming KMP/Director/Promoter/Promoter Group member, within 7 (seven) days of such appointment as a KMP or Director or upon becoming a Promoter or member of the Promoter Group.
- 9.1.2 Every Designated Person other than those mentioned in the Rule 9.1.1 above, shall give the disclosure of the details as required in annexed Form B (Part-I) within a period of 30 (thirty) days of becoming a Designated Person.

9.2 Continual Disclosure

- 9.2.1 Every Promoter, member of the Promoter Group, and the Designated Persons of the Company shall disclose to the Company in annexed Form C (annexed hereto) the number of such securities acquired or disposed of within 2 (two) Trading Days of such transaction if the value of the Securities Traded, whether in one transaction or a series of transactions in a calendar quarter, aggregates to a traded value equivalent to or in excess of Rupees 10 (Ten) lakhs.
- 9.2.2 Every Designated Person shall provide the details as prescribed in Form B (Part-II) on an annual basis within a period of 30 (thirty) days from the close of the Financial Year i.e. by April 30.
- 9.2.3 Every Designated Person shall inform the Compliance Officer of any change in the details given by him/her/it in annexed Form B (Part-I) stated above within 30 (thirty) days of such change.

10. Disclosure by the Company to the Stock Exchange(s)

Within 2 (two) Trading Days of the receipt of intimation under Rule 9.2, the Compliance Officer shall disclose to all Stock Exchanges on which the Securities are listed, the information received.

11. Dissemination of Price Sensitive Information

- 11.1 No information shall be passed by Designated Persons by way of making a recommendation for the acquisition or disposal of Securities of the Company.
- 11.2 Disclosure/dissemination of UPSI with special reference to Analysts, Media Persons and Institutional Investors:

The following guidelines shall be followed by the Investor Relations team and other officials of the Company while they deal with analysts and institutional investors

- i. Only public information to be provided. Any Information material / Presentation made to the analysts / institutional investors etc. shall be first provided by the Investor Relations team to the Compliance Officer for onward dissemination to the Stock Exchanges where Securities of the Company are listed.
- ii. Meetings with analysts, media persons and institutional investors are suggested to be in presence of at least two representatives of the Company, wherever reasonably possible or practical.
- iii. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes UPSI, a public announcement as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

and applicable Regulations shall be made before responding.

12. Penalty for contravention of the Code

- 12.1 Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).
- 12.2 Any act committed, in contravention of this Code shall be liable for such penal/disciplinary/remedial action as may be considered appropriate by the Ethics and Inquiry Committee / Audit Committee (as the case may be) including but not limited to the disciplinary actions as enlisted in this Code by following the inquiry procedure mentioned in Annexure – I to this Code.
- 12.3 All Breaches of this Code with actions taken by the 'Ethics and Inquiry Committee' shall, in addition to the report to the Audit Committee, be reported to the Board of Directors of the Company. The Board, considering the nature and severity of the breach, may decide to report any such breach and action taken to the Securities and Exchange Board of India.
- 12.4 The actions taken by the Company shall not preclude SEBI or other appropriate authority(ies) from taking any action under the relevant legislations.

13. Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015

- 13.1 In case it is observed by any Employee of the Company that there has been a violation of Regulations / Code by any Designated Person, the Employee may promptly inform the concerned official of the Company as per Whistle Blower Policy of the Company available at the website of the Company. The term "Employee" shall have the meaning as defined in Whistle Blower Policy of the Company.
- 13.2 In the event of any amendment to the Regulations or issuance of any clarification relating to the Regulations, such amendment/ clarification shall be deemed to be adapted by the Company and in case of any conflict between the provisions of the Code and Regulations, the latter shall prevail.

ANNEXURE – I

PROCEDURE FOR INQUIRY IN CASE OF SUSPECTED VIOLATION OF THIS CODE

The Ethics and Inquiry Committee may, *suo-moto* or on becoming aware or on being informed of any actual or suspected violation of this Code by any Designated Person, initiate the Inquiry proceedings in a manner as laid down below.

1. Preliminary Inquiry:

The EIC shall initiate an Inquiry for fact finding. The objective of the preliminary Inquiry shall be to ascertain the truth or otherwise of the allegations contained in the information or complaint, if any. The EIC shall collect all the necessary material in support of the allegations to substantiate the justification to embark on any disciplinary action.

The EIC shall have the power to issue summon, if it deems necessary, to any person to seek clarifications or any details as it may require for the purpose of conducting its Inquiry and collection of material.

2. Report of the Preliminary Inquiry

The report of the fact findings shall be deliberated and reviewed by the EIC at its meeting or circulated electronically within a period of 15 days from the date of initiation of Inquiry or such other reasonable period as may be decided by EIC.

3. Principles of Natural Justice

The EIC, shall follow the principles of natural justice i.e. the parties to the Inquiry shall be given a fair chance to respond and present their views. All the parties to the Inquiry shall have a right to be heard.

4. Disciplinary Action

- i. The EIC may pass an ex-parte decision in the following cases:
 - a. If the relevant Designated Person does not provide the requisite details as called for by the EIC; or
 - b. remains absent for the Inquiry after being summoned by EIC and has been provided with reasonable opportunity by the EIC in this regard.
- ii. In case EIC arrives at a decision that the Designated Person has violated any provisions of this Code, then such Designated Person shall be liable for action by EIC / the Company which may include salary freeze, suspension, penalties/fines, ineligibility for future participation in employee stock option plans, stock appreciation rights, etc.
- iii. A written report of the findings of EIC and the decision thereto shall be prepared:
 - a) Facts of the matter
 - b) Findings of EIC including the rationale thereto
 - c) Action taken by the EIC
 - d) Any other details as the EIC may deem fit



5. The EIC shall complete the Inquiry within 30 (thirty) days from the date of initiating the said Inquiry and the said 30 (thirty) days may be extended for a further period of 15 (fifteen) days only in exceptional circumstances for the reasons to be recorded in writing.
6. Confidentiality (subject to such disclosures as may be required to be made under the applicable Regulations / law, for the time being in force)

EIC members and the person(s) involved in the process shall:

- a. maintain confidentiality of the matter
 - b. not discuss the matter in any informal/social gatherings/ meetings
 - c. discuss only to the extent or with the persons required for the purpose of completing the Inquiry process
7. The above actions of Company will be without prejudice to any civil or criminal action that the regulatory authorities may initiate against such defaulting Designated Person

List of Forms:

Form A (Part – I)	Format for Application for pre-clearance of trade
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Form A (Part – II)	Undertaking accompanying the application for pre-clearance
Form B (Part – I)	Format for Initial Disclosures
Form B (Part – II)	Format for Yearly Disclosures
Form C	Format for Disclosure of Transactions
Form D	Format For Pre-Clearance Order
Form E	Waiver of Minimum Holding Period

**FORM A
(PART-I)
FORMAT OF APPLICATION FOR PRE-CLEARANCE OF TRADE**

To
The Compliance Officer,
Advanced Enzyme Technologies Limited,
Thane

Dear Sir/Madam,

Application for Pre-clearance approval in securities of the Company

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended) and the AETL Insider Trading Code, I/We seek approval for acquisition / disposal / pledge of _____ Securities of the Company as per details given below:

1.	Name of the applicant	
2.	Person Executing the Trade	Self: HUF: Immediate relative (specify the name and relationship): Joint holder:
3.	Designation/Nature of relation with the Company	
4.	Number of securities held as on date (with Folio No. / DP ID / Client ID No.)	
5.	The Proposal is for: (tick mark the applicable transaction & strike-off the remaining)	(a) Subscription /Acquisition of securities (b) Disposal of securities (c) Pledge of securities (Creation/ Invocation/ Revocation)
6.	Type of security	
7.	Proposed date of dealing in securities	
8.	Estimated number of securities proposed to be acquired/ subscribed/ sold/ pledged (creation/ invocation/ revocation)	
9.	Price at which the transaction is proposed	
10.	Current market price (as on date of application)	
11.	Whether the proposed transaction will be through Stock Exchange or Off market deal through stock exchange or off-market deal	

12.	Folio No. / DP ID / Client ID No. where the Securities will be Credited/ Debited	
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I/We enclose herewith the form of Undertaking signed by me/us.

Yours faithfully,

Name :

Signature :

**FORM A
(PART-II)**

UNDERTAKING ACCOMPANYING THE APPLICATION FOR PRE-CLEARANCE

UNDERTAKING

To,
The Compliance Officer,
Advanced Enzyme Technologies Limited,

I/We, _____, _____ of the Company residing /having office at _____, am desirous of dealing in _____*Securities of the Company as mentioned in my application dated _____ for pre-clearance of the transaction.

I/We further declare that I/We am/are not in possession of or otherwise privy to any UPSI (as defined in the Company's Code of Conduct for prevention of Insider Trading (the Code) up to the time of signing and submission of this Undertaking.

In the event that I/We have access to or received any information that could be construed as "Unpublished Price Sensitive Information" as defined in the Code, after the signing and submission of this undertaking but before executing the transaction for which approval is sought, I/We shall immediately inform the Compliance Officer of the same and shall completely refrain from dealing in the Securities of the Company until such information becomes public.

I/We declare that I/We have not contravened the provisions of the Code as notified by the Company from time to time.

I/We undertake to submit the necessary report within two Trading days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

In connection with the proposed transaction(s), I/We hereby undertake to preserve, for a period of 3 (three) years and produce to the Compliance Officer / SEBI any of the following documents:

1. Broker's contract note.
2. Proof of payment to/from brokers.
3. Extract of Bank passbook/statement (to be submitted in case of demat transactions).
4. Copy of Delivery instruction slip (applicable in case of sale transaction).

I/We agree to hold the securities bought under this transaction for a minimum period of six months. In case there is any urgent need to sell these Securities within the said period, I/We shall first approach the Compliance Officer for necessary approval. (*this clause is applicable in case of purchase / subscription*).



I/We declare that the above information is correct and that no provisions of the Company's Code and/or applicable laws/Regulations have been contravened for effecting the above said transactions(s).

If approval is granted, I/We shall execute the deal within 7 Trading days from the date of pre-clearance approval failing which I/We shall seek pre-clearance.

I/We declare that I/We have made full and true disclosure in the matter.

** Indicate number and type of shares/ Securities*

Date : _____
Signature : _____



**FORM B (PART-I)
INITIAL DISCLOSURE OF SECURITIES**

To
The Compliance Officer,
Advanced Enzyme Technologies Limited,
Thane

I, _____, in my capacity as _____ of the Company hereby submit the following details of securities held in the Company as on _____ (*date of becoming Designated Person or April 01, _____*).

I. Details of securities held by me :

Type of Securities	No. of securities held	Folio No.	Beneficiary A/c Client ID	Names of Educational Institutions from which I have graduated	Names of Past Employers

II. Details of the “Immediate Relative(s)” including with whom there is a “Material Financial Relationship” (both terms defined below) and securities, if any held by each of them:

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the AETL Insider Trading Code, I hereby declare that I have the following Immediate Relatives:

Sr. No	Names of Immediate Relatives including Persons with whom I share "Material Financial Relationship"	Relation with the Immediate Relative (Spouse/ Mother/ Father/ Brother/ Sister/ Child) or person having Material Financial Relationship) *	PAN Numbers (If PAN is unavailable, then any other Identifier - for e.g AADHAR)	Active Email ID	Mobile Nos.	Number of Securities held (if any by such Immediate Relative or person with whom I have Material Financial Relationship)	Names of Educational Institutions from which the immediate relative has graduated	Names of Past Employers of such Persons



**The term 'Immediate Relatives' covers the following:*

1. *Spouse (Husband/Wife); AND*
2. *Any of the following who is either dependent financially on me OR consults me in taking decisions relating to trading in securities*
 - a. *Parents;*
 - b. *Siblings (Brother / Sister);*
 - c. *Children*

The term "Material Financial Relationship" means:

a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income EXCLUDING relationships in which the payment is based on arm's length transactions.

Date :

Signature: _____



**FORM B (PART-II)
YEARLY DISCLOSURE OF SECURITIES**

To
The Compliance Officer,
Advanced Enzyme Technologies Limited,
Thane

I, _____, in my capacity as _____ of the Company hereby submit the following details of securities held in the Company as on _____ (date of becoming Designated Person or April 01, _____).

I. Details of securities held by me :

Type of Securities	No. of securities held	Folio No.	Beneficiary A/c Client ID

II. Details of the “Immediate Relative(s)” including with whom there is a “Material Financial Relationship” (both terms defined below) and securities, if any held by each of them:

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the AETL Insider Trading Code, I hereby declare that I have the following Immediate Relatives:

Sr. No	Names of Immediate Relatives including Persons with whom I share "Material Financial Relationship"	Relation with the Immediate Relative (Spouse/ Mother/ Father/ Brother/ Sister/ Child) or Person with whom I share "Material Financial Relationship" *	PAN Numbers (If PAN is unavailable, then any other Identifier - for e.g AADHAR)	Active Email ID	Mobile Nos.	Number of Securities held (if any by the Immediate Relatives or Persons with whom I share "Material Financial Relationship")

* The term 'Immediate Relatives' covers the following:

1. Spouse (Husband/Wife); AND
2. Any of the following who is either dependent financially on me OR consults me in taking decisions relating to trading in securities
 - a. Parents;
 - b. Siblings (Brother / Sister);
 - c. Children

The term "Material Financial Relationship" means:

a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income EXCLUDING relationships in which the payment is based on arm's length transactions.

Date :

Signature: _____

FORM C

SEBI (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7 (2) read with Regulation 6(2) – Continual disclosure]

(To be submitted within 2 (two) Trading days of transaction / dealing in securities of the Company)

To
 The Compliance Officer,
 Advanced Enzyme Technologies Limited,
 Thane

Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN, CIN/DIN, & address with contact nos	Category of Person (Promoters/ KMP / Directors/immediate relative to/others etc.)	Securities held prior to acquisition/disposal		Securities Acquired/Disposed				Securities held Post Acquisition/disposal		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of Intimation to the Company	Mode of acquisition / disposal (on market/ public/ rights/ preferential offer / off market/ Inter-se transfer, ESOPs etc.)
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/ Sale/ Pledge/ Revoke/ Invoke)	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	From	To		

1	2	3	4	5	6	7	8	9	10	11	12	13	14

Note: "Securities" shall have the same meaning as defined under Regulations 2(l)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of trading in derivatives of the Company by Promoter, Employee or Director of the Listed Company or other such persons as mentioned in Regulation 6(2)

Trading in Derivatives (Specify type of Contract, Futures or Options etc.)						Exchange on which trade was executed
Type of Contract	Contract Specifications	Buy		Sell		
		Notional Value	Number of Units (contracts * lot size)	Notional Value	Number of Units (contracts * lot size)	
15	16	17	18	19	20	21

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Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options

Name :

Signature :

Designation :

Date :

Place :

**FORM D
PRE- CLEARANCE ORDER**

To
Name:
Designation: _____
Place: _____

This is to inform you that your request for dealing in _____ (no. and type) Securities of the Company as mentioned in your application dated _____ is approved. Please note that the said transaction must be completed on or before _____ (date) that is within 7 (seven) Trading Days from today.

In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek fresh pre-clearance before executing any transaction/deal in the Securities of the Company. Further, you are required to file the details of the executed transactions in the attached format and as per format prescribed under SEBI Regulations, within 2 (two) Trading days from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary to be submitted to the Compliance Officer.

In case you have received any "Unpublished Price Sensitive Information" after submission of your application or after issuance of this order, you are required to immediately inform the Compliance Officer of the change in the position and this order stands withdrawn with immediate effect.

Yours faithfully,
For **Advanced Enzyme Technologies Limited**

Name:

Compliance Officer

Date: _____

Encl: Format for submission of details of transaction

FORM E

APPLICATION FOR WAIVER OF MINIMUM HOLDING PERIOD

To
The Compliance Officer,
Advanced Enzyme Technologies Limited

Dear Sir.

I/We request you to grant me/us a waiver of the minimum holding period of six months as required under the AETL Insider Trading Code, 2015 with respect to _____ Securities of the Company held by me/us / my/our Immediate Relatives/ HUF _____ (Name) singly/ jointly acquired by me / us / my Immediate Relatives/ HUF on _____(Date).

I/We wish to deal in the Securities on account of following (give reasons and supporting documents):

I/We declare that:

- a) The above details are true, correct and complete in all respect and I/We have not withheld any facts; and
- b) I am / We are not and do not expect to be in possession of any Unpublished Price Sensitive Information at the time of the Trading.
- c) The trade if made shall not be in contravention of any of the provisions of the AETL Insider Trading Code, SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended) or provisions of any other



applicable laws, rules and regulations. If there is any violation, I/We shall be solely liable and responsible for the same.

Thank you.
Yours faithfully,

(Name)
Designation:
Date and Place:

		<i>(For Office Use Only)</i>
APPROVED		
REJECTED		

For Advanced Enzyme Technologies Limited

Compliance Officer
Date and Place:

[Encl- Amendment to the SEBI (Prohibition of Insider Trading) Regulations, 2015 w.e.f July 17, 2020]

THE GAZETTE OF INDIA

EXTRAORDINARY

PART – III – SECTION 4

PUBLISHED BY AUTHORITY

NEW DELHI, JANUARY 15, 2015

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 15th January, 2015

SECURITIES AND EXCHANGE BOARD OF INDIA

(PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

No. LAD-NRO/GN/2014-15/21/85.- In exercise of the powers conferred by section 30 read with clause (g) of sub-section (2) of section 11 and clause (d) and clause (e) of section 12A of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations, to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof, namely:—

CHAPTER – I

PRELIMINARY

Short title and commencement.

1. (1) These regulations may be called the SEBI (Prohibition of Insider Trading) Regulations, 2015.

(2) These regulations shall come into force on the one hundred and twentieth day from the date of its publication in the Official Gazette.

Definitions.

2. (1) In these regulations, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:–

(a) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(b) “Board” means the Securities and Exchange Board of India;

(c) “compliance officer” means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be.

¹[Explanation – For the purpose of this regulation, “financially literate” shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows];

(d) "connected person" means,-

(i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or

¹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

(ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -

- (a). an immediate relative of connected persons specified in clause (i); or
- (b). a holding company or associate company or subsidiary company; or
- (c). an intermediary as specified in section 12 of the Act or an employee or director thereof; or
- (d). an investment company, trustee company, asset management company or an employee or director thereof; or
- (e). an official of a stock exchange or of clearing house or corporation; or
- (f). a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
- (g). a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
- (h). an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- (i). a banker of the company; or
- (j). a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

NOTE: *It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and*

is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.

(e) "generally available information" means information that is accessible to the public on a non-discriminatory basis;

NOTE: *It is intended to define what constitutes generally available information so that it is easier to crystallize and appreciate what unpublished price sensitive information is. Information published on the website of a stock exchange, would ordinarily be considered generally available.*

(f) "immediate relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

NOTE: *It is intended that the immediate relatives of a "connected person" too become connected persons for purposes of these regulations. Indeed, this is a rebuttable presumption.*

(g) "insider" means any person who is:

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information;

NOTE: Since “generally available information” is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an “insider” regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

(h) "promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, ²[2018] or any modification thereof;

³[(ha) "promoter group" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;]

⁴[(⁵[hb]) “proposed to be listed” shall include securities of an unlisted company:

(i) if such unlisted company has filed offer documents or other documents, as the case may be, with the Board, stock exchange(s) or registrar of companies in connection with the listing; or

² Substituted for the number “2009” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

³ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019)

⁴ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁵ Re-numbered by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019)

(ii) if such unlisted company is getting listed pursuant to any merger or amalgamation and has filed a copy of such scheme of merger or amalgamation under the Companies Act, 2013;]

(i) "securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;

(j) "specified" means specified by the Board in writing;

(k) "takeover regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

(l) "trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;

NOTE: *Under the parliamentary mandate, since the Section 12A (e) and Section 15G of the Act employs the term 'dealing in securities', 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.*

(m) "trading day" means a day on which the recognized stock exchanges are open for trading;

(n) "unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel.

⁶[***].

NOTE: *It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.*

(2) Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

CHAPTER – II

RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS

⁶ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as follows:
“(vi) material events in accordance with the listing agreement”

Communication or procurement of unpublished price sensitive information.

3. (1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

NOTE: *This provision is intended to cast an obligation on all insiders who are essentially persons in possession of unpublished price sensitive information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. It is also intended to lead to organisations developing practices based on need-to-know principles for treatment of information in their possession.*

(2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

NOTE: *This provision is intended to impose a prohibition on unlawfully procuring possession of unpublished price sensitive information. Inducement and procurement of unpublished price sensitive information not in furtherance of one's legitimate duties and discharge of obligations would be illegal under this provision.*

⁷[(2A) The board of directors of a listed company shall make a policy for determination of “legitimate purposes” as a part of “Codes of Fair Disclosure and Conduct” formulated under regulation 8.

Explanation – For the purpose of illustration, the term “legitimate purpose” shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with

⁷ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.]

⁸[(2B) Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.]

(3) Notwithstanding anything contained in this regulation, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:–

(i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the ⁹[listed] company is of informed opinion that ¹⁰[sharing of such information] is in the best interests of the company;

NOTE: *It is intended to acknowledge the necessity of communicating, providing, allowing access to or procuring UPSI for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to assess a potential investment. In an open offer under the takeover regulations, not only would the same price be made available to all shareholders of the company but also all information necessary to enable an informed divestment or retention decision by the public shareholders is required to be made available to all shareholders in the letter of offer under those regulations.*

⁸ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

¹⁰ Substituted for the words “the proposed transaction” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

(ii) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the ¹¹[listed] company is of informed opinion ¹²[that sharing of such information] is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine ¹³[to be adequate and fair to cover all relevant and material facts].

NOTE: *It is intended to permit communicating, providing, allowing access to or procuring UPSI also in transactions that do not entail an open offer obligation under the takeover regulations ¹⁴[when authorised by the board of directors if sharing of such information] is in the best interests of the company. The board of directors, however, would cause public disclosures of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.*

(4) For purposes of sub-regulation (3), the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub-regulation (3), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

¹⁵[(5) The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that a structured digital database is

¹¹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

¹² Substituted for the words “that the proposed transaction” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

¹³ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

¹⁴ Substituted for the words “if it” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

¹⁵ Substituted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 (w.e.f. July 17, 2020). Prior to the substitution, sub-regulation 5 read as follows: -

“The board of directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account

maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.]

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

Trading when in possession of unpublished price sensitive information.

4. (1) 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:

¹⁷[Explanation –When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.]

Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –

Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.”
Earlier, sub-regulation 5 was inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

¹⁶ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 (w.e.f. July 17, 2020).

¹⁷ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

(i) the transaction is an off-market *inter-se* transfer between ¹⁸[insiders] who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision.

¹⁹[Provided that such unpublished price sensitive information was not obtained under sub-regulation (3) of regulation 3 of these regulations.

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information.];

²⁰[(ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.

(iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.

(iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.]

¹⁸ Substituted for the word “promoters” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

¹⁹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

²⁰ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

- (v) in the case of non-individual insiders: –
- (a) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and
 - (b) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
- (vi) the trades were pursuant to a trading plan set up in accordance with regulation 5.

NOTE: *When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.*

- (2) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

(3) The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

Trading Plans.

5. (1) An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

NOTE: *This provision intends to give an option to persons who may be perpetually in possession of unpublished price sensitive information and enabling them to trade in securities in a compliant manner. This provision would enable the formulation of a trading plan by an insider to enable him to plan for trades to be executed in future. By doing so, the possession of unpublished price sensitive information when a trade under a trading plan is actually executed would not prohibit the execution of such trades that he had pre-decided even before the unpublished price sensitive information came into being.*

(2) Such trading plan shall:—

(i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;

NOTE: *It is intended that to get the benefit of a trading plan, a cool-off period of six months is necessary. Such a period is considered reasonably long for unpublished price sensitive information that is in possession of the insider when formulating the trading plan, to become generally available. It is also considered to be a reasonable period for a time lag in which new unpublished price sensitive information may come into being without adversely affecting the trading plan formulated earlier. In any case, it should be remembered that this is only a statutory cool-off period and would not grant immunity from action if the insider were to be in possession of the same unpublished*

price sensitive information both at the time of formulation of the plan and implementation of the same.

(ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;

NOTE: *Since the trading plan is envisaged to be an exception to the general rule prohibiting trading by insiders when in possession of unpublished price sensitive information, it is important that the trading plan does not entail trading for a reasonable period around the declaration of financial results as that would generate unpublished price sensitive information.*

(iii) entail trading for a period of not less than twelve months;

NOTE: *It is intended that it would be undesirable to have frequent announcements of trading plans for short periods of time rendering meaningless the defence of a reasonable time gap between the decision to trade and the actual trade. Hence it is felt that a reasonable time would be twelve months.*

(iv) not entail overlap of any period for which another trading plan is already in existence;

NOTE: *It is intended that it would be undesirable to have multiple trading plans operating during the same time period. Since it would be possible for an insider to time the publication of the unpublished price sensitive information to make it generally available instead of timing the trades, it is important not to have the ability to initiate more than one plan covering the same time period.*

(v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and

NOTE: *It is intended that while regulations should not be too prescriptive and rigid about what a trading plan should entail, they should stipulate certain basic parameters that a trading plan should conform to and within which, the plan may be formulated with full flexibility. The nature of the trades entailed in the trading plan i.e. acquisition or disposal should be set out. The trading plan may set out the value of securities or the number of securities to be invested or divested. Specific dates or specific time intervals may be set out in the plan.*

(vi) not entail trading in securities for market abuse.

NOTE: *Trading on the basis of such a trading plan would not grant absolute immunity from bringing proceedings for market abuse. For instance, in the event of manipulative timing of the release of unpublished price sensitive information to ensure that trading under a trading plan becomes lucrative in circumvention of regulation 4 being detected, it would be open to initiate proceedings for alleged breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003.*

(3) The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these 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.

²¹[Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.

²¹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.]

NOTE: *It is intended that the compliance officer would have to review and approve the plan. For doing so, he may need the insider to declare that he is not in possession of unpublished price sensitive information or that he would ensure that any unpublished price sensitive information in his possession becomes generally available before he commences executing his trades. Once satisfied, he may approve the trading plan, which would then have to be implemented in accordance with these regulations.*

(4) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

Provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of sub-regulation (1) of regulation 4.

NOTE: *It is intended that since the trading plan is an exception to the general rule that an insider should not trade when in possession of unpublished price sensitive information, changing the plan or trading outside the same would negate the intent behind the exception. Other investors in the market, too, would factor the impact of the trading plan on their own trading decisions and in price discovery. Therefore, it is not fair or desirable to permit the insider to deviate from the trading plan based on which others in the market have assessed their views on the securities.*

The proviso is intended to address the prospect that despite the six-month gap between the formulation of the trading plan and its commencement, the unpublished price sensitive information in possession of the insider is still not generally available. In such a situation, commencement of the plan would conflict with the over-riding principle that trades should not be executed when in possession of such information. If the very same unpublished price sensitive information is still in the insider's possession, the commencement of execution of the trading plan ought to be deferred.

(5) Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

NOTE: *It is intended that given the material exception to the prohibitory rule in regulation 4, a trading plan is required to be publicly disseminated. Investors in the market at large would also factor the potential pointers in the trading plan in their own assessment of the securities and price discovery for them on the premise of how the insiders perceive the prospects or approach the securities in their trading plan.*

CHAPTER – III

DISCLOSURES OF TRADING BY INSIDERS

General provisions.

6. (1) Every public disclosure under this Chapter shall be made in such form as may be specified.

(2) The disclosures to be made by any person under this Chapter shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

NOTE: *It is intended that disclosure of trades would need to be of not only those executed by the person concerned but also by the immediate relatives and of other persons for whom the person concerned takes trading decisions. These regulations are primarily aimed at preventing abuse by trading when in possession of unpublished price sensitive information and therefore, what matters is whether the person who takes trading decisions is in possession of such information rather than whether the person who has title to the trades is in such possession.*

(3) The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Chapter:

Provided that trading in derivatives of securities is permitted by any law for the time being in force.

(4) The disclosures made under this Chapter shall be maintained by the company, for a minimum period of five years, in such form as may be specified.

Disclosures by certain persons.

7. (1) Initial Disclosures.

- (a). Every promoter ²²[, member of the promoter group] , key managerial personnel and director of every company whose securities are listed on any recognised stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect;

- (b). Every person on appointment as a key managerial personnel or a director of the company or upon becoming a ²³[promoter or member of the promoter group] shall

²² Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019)

²³ Substituted for the word "promoter" by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019)

disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

(2) *Continual Disclosures.*

- (a). Every promoter ²⁴[, member of the promoter group], ²⁵[designated person] and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified;
- (b). Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Explanation. — It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) of sub-regulation (2).

- ²⁶(c) The above disclosures shall be made in such form and such manner as may be specified by the Board from time to time.]

Disclosures by other connected persons.

- (3) Any company whose securities are listed on a stock exchange may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings

²⁴ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019)

²⁵ Substituted for the word “employee” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

²⁶ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 (w.e.f. July 17, 2020).

and trading in securities of the company in such form and at such frequency as may be determined by the company in order to monitor compliance with these regulations.

NOTE: *This is an enabling provision for listed companies to seek information from those to whom it has to provide unpublished price sensitive information. This provision confers discretion on any company to seek such information. For example, a listed company may ask that a management consultant who would advise it on corporate strategy and would need to review unpublished price sensitive information, should make disclosures of his trades to the company.*

²⁷[CHAPTER – IIIA

Definitions.

7A. (1) In this Chapter, unless the context otherwise requires:-

- (a) ‘Investor Protection and Education Fund’ means the Investor Protection and Education Fund created by the Board under section 11 of the Act;
- (b) ‘Informant’ means an individual(s), who voluntarily submits to the Board a Voluntary Information Disclosure Form relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under these regulations, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward;
- (c) ‘Informant Incentive Committee’ means the High Powered Advisory Committee constituted by the Board in the manner as may be specified under regulation 11 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018.
- (d) ‘insider trading laws’ means the following provisions of securities laws,-
 - i. Section 15G of the Act;

²⁷ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 (w.e.f. December 26, 2019)

- ii. regulation 3 of these regulations;
 - iii. regulation 4 of these regulations;
 - iv. regulation 5 of these regulations; and
 - v. regulation 9 or regulation 9A of these regulations, in so far as they pertain to trading or communication of unpublished price sensitive information.
- (e) 'irrelevant, vexatious and frivolous information' includes, reporting of information which in the opinion of the Board, -
- (i) Does not constitute a violation of insider trading laws; or
 - (ii) Is rendered solely for the purposes of malicious prosecution; or
 - (iii) Is rendered intentionally in an effort to waste the time and resource of the Board.
- (f) 'Legal Representative' means a duly authorised individual who is admitted to the practice of law in India;
- (g) 'Monetary Sanctions' shall mean any non-monetary settlement terms or any direction of the Board, in the nature of disgorgement under securities laws aggregating to at least Rupees one crore arising from the same operative facts contained in the original information.
- (h) 'Original Information' means any relevant information submitted in accordance with these regulations pertaining to any violation of insider trading laws that is:-
- (i) derived from the independent knowledge and analysis of the Informant;
 - (ii) not known to the Board from any other source, except where the Informant is the original source of the information;
 - (iii) is sufficiently specific, credible and timely to - (1) commence an examination or inquiry or audit, (2) assist in an ongoing examination or investigation or inquiry or audit, (3) open or re-open an investigation or inquiry, or (4) inquire into a different conduct as part of an ongoing examination or investigation or inquiry or audit directed by the Board;

- (iv) not exclusively derived from an allegation made in a judicial or administrative hearing, in a Governmental report, hearing, audit, or investigation, or from the news media, except where the Informant is the original source of the information; and
- (v) not irrelevant or frivolous or vexatious.

Explanation. –Information which does not in the opinion of the Board add to the information already possessed by the Board is not original information.

- (i) ‘own analysis’ means the examination and evaluation of the relevant information by the Informant that may be publicly available, but which reveals analysis that is not known to SEBI:

Provided that such analysis is not derived from professional or confidential communication protected under the Indian Evidence Act, 1872 (1 of 1872);

- (j) ‘own knowledge’ means relevant information in the possession of the Informant not derived from publicly available sources:

Provided that such knowledge is not derived from professional or confidential communications protected under the Indian Evidence Act, 1872 (1 of 1872);

- (k) ‘Reward’ means any gratuitous monetary amount for which an Informant is declared eligible as per the provisions of these regulations;

- (l) ‘securities laws’ means the Act, the Securities Contract (Regulations) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996), the relevant provisions of any other law to the extent it is administered by the Board and the relevant rules and regulations made thereunder;

- (m) ‘voluntarily providing information’ means providing the Board with information before receiving any request, inquiry, or demand from the Board, any other Central or State authorities or other statutory authority about a matter, to which the information is relevant;

(2) Words and expressions used but not defined in these regulations but defined in securities laws, shall have the same meanings respectively assigned to them in those laws or any statutory modification or re-enactment thereto.

Submission of Original Information to the Board

7B. (1) An Informant shall submit Original Information by furnishing the Voluntary Information Disclosure Form to the Office of Informant Protection of the Board in the format and manner set out in Schedule D. The Voluntary Information Disclosure Form may be submitted through informant's legal representative:

Provided that where the Informant does not submit the Voluntary Information Disclosure Form through a legal representative, the Board may require such Informant to appear in person to ascertain his/her identity and the veracity of the information so provided.

Explanation. – Where any information pertaining to any violation of the Securities Laws is received in a manner not in accordance with the manner provided under these regulations, the Board may require such information to be filed with it in accordance with these regulations or reject the same.

(2) The legal representative shall,-

- i. Verify the identity and contact details of the Informant;
- ii. Unless otherwise required by the Board, maintain confidentiality of the identity and existence of the Informant, including the original Voluntary Information Disclosure Form;
- iii. Undertake and certify that he/she,-
 - (a) Has reviewed the completed and signed Voluntary Information Disclosure Form for completeness and accuracy and that the information contained therein is true, correct and complete to the best of his/her knowledge;
 - (b) Has obtained a irrevocable consent from the Informant to provide to the Board with original Voluntary Information Disclosure Form whenever required by the Board; and

(c) Agrees to be legally obligated to provide the original Voluntary Information Disclosure Form within seven (7) calendar days of receiving such requests from the Board.

iv. Submits to the Board, the copy of the Voluntary Information Disclosure Form in the manner provided in Schedule D of these regulations along with a signed certificate as required under clause (iii) of this sub-regulation (2).

(3) An Informant shall while submitting the Voluntary Information Disclosure Form shall expunge such information from the content of the information which could reasonably be expected to reveal his or her identity and in case where such information cannot be expunged, the Informant may identify such part of information or any document that the Informant believes could reasonably be expected to reveal his or her identity.

Receipt of Original Information by the Board

7C. (1) The Board may designate a division to function as the independent Office of Informant Protection.

(2) The Office of Informant Protection shall perform such functions as may be specified by the Board, including,-

- i. Receiving and registering the Voluntary Information Disclosure Form;
- ii. Making all necessary communications with the Informant;
- iii. Maintaining a hotline for the benefit of potential Informant;
- iv. Maintaining confidentiality of the legal representative of the Informant and act as an interface between the Informant and the officers of the Board;
- v. Interacting with the Informant Incentive Committee;
- vi. Issuing press releases and rewards relating to Informant; and
- vii. Submitting an annual report to the Board relating to the functioning of the Office of Informant Protection.

(3) On receipt of the Voluntary Information Disclosure Form, the Office of Informant Protection shall communicate the substance of the information along with the evidence submitted by the

informant to the relevant department or division of the Board for examination and initiation of necessary action, if any.

(4) The Board shall not be required to send any intimation or acknowledgement to the Informant or any other person, of the examination or action initiated by the Board, if any, pursuant to receipt of the Voluntary Information Disclosure Form or information under these regulations, including rejection thereof.

Informant Reward.

7D. (1) Upon collection or substantial recovery of the monetary sanctions amounting to at least twice the Reward, the Board may at its sole discretion, declare an Informant eligible for Reward and intimate the Informant or his or her legal representative to file an application in the format provided in Schedule-E for claiming such Reward:

Provided that the amount of Reward shall be ten percent of the monetary sanctions collected or recovered and shall not exceed Rupees One crore or such higher amount as the Board may specify from time to time:

Provided further that the Board may if deemed fit, out of the total Reward payable, grant an interim reward not exceeding Rupees Ten lacs or such higher amount as the Board may specify from time to time, on the issue of final order by the Board against the person directed to disgorge.

(2) In case of more than one Informant jointly providing the Original Information, the Reward, as specified in the intimation under sub-regulation (1), shall be divided equally amongst the total number of Informants.

(3) The Reward under these regulations shall be paid from the Investor Protection and Education Fund.

Determination of amount of Reward.

7E. (1) The amount of the Reward, if payable, shall be determined by the Board.

(2) While determining the amount of Reward under sub-regulation (1), the Board may specify the factors that may be taken into consideration by the Informant Incentive Committee.

(3) An Informant may be eligible for a Reward whether or not he reported the matter to his organization as per its internal legal and compliance procedures and irrespective of such organization's compliance officer subsequently providing the same Information to the Board.

Application for Reward.

7F. (1) Informants who are considered tentatively eligible for a Reward, shall submit the Informant Reward Claim Form set out in Schedule E to the Board within the period specified in the intimation sent by the Board.

(2) Prior to the payment of a Reward, an Informant shall directly or through his or her legal representative, disclose his or her identity and provide such other information as the Board may require.

Rejection of claim for Reward.

7G. No Reward shall be made to an Informant:-

(1) who does not submit original information;

(2) who has acquired the Original Information, through or as a member, officer, or an employee of:-

(i) any regulatory agency constituted by or under any law in India or outside India, including the Board;

(ii) any self-regulatory organization;

(iii) the surveillance or investigation wings of any recognised stock exchange or clearing corporation; or

(iv) any law enforcement organization including the police or any central or state revenue authorities.

(3) against whom the Board may initiate or has initiated criminal proceedings under securities laws;

(4) who wilfully refused to cooperate with the Board during its course of investigation, inquiry, audit, examination or other proceedings under securities laws;

(5) who:

- (i) knowingly makes any false, fictitious, or fraudulent statement or representation; or
- (ii) uses any false writing or document knowing that the writing or document contains any false, fictitious, or fraudulent statement or entry; or
- (iii) fails to furnish the complete information available with him or accessible by him in relation to the alleged violation.

(6) who is obligated, under any law or otherwise, to report such Original Information to the Board, including a compliance officer under securities laws.

Provided that the Board may if deemed fit, at its sole discretion, exempt a person from any of these disqualifications.

Informant confidentiality.

7H. (1) Any information including Original Information may, at the discretion of the Board, be made available:

- (a) when it is required to be disclosed in connection with any legal proceedings in furtherance of the Board's legal position;
- (b) as permitted by these regulations; or
- (c) as may be otherwise required or permitted by law.

(2) Original Information may, at the discretion of the Board, be made available to -

- (i) any regulatory agency constituted by or under any law in India or outside India;
- (ii) any self-regulatory organization;
- (iii) the surveillance or investigation wings of any recognised stock exchange or clearing corporation; or
- (iv) any law enforcement organization including the police or any central or state revenue authorities; or
- (v) a public prosecutor in connection with any criminal proceedings.

Provided that sharing of information shall be in accordance with such assurances of confidentiality as the Board determines appropriate.

Explanation - Nothing in these regulations is intended to limit, or shall be construed to limit, the ability of the public prosecutor to share such evidence with potential witnesses or accused in connection with any criminal proceedings.

(3) The Original Information and identity provided by an Informant shall be held in confidence and exempted from disclosure under clauses (g) and (h) of sub-section (1) of section 8 of the Right to Information Act, 2005 (No. 22 of 2005).

(4) Subject to the law of evidence for the time being in force, nothing in these regulations shall prejudice the right of the Board to use or to rely on information received otherwise.

(5) No person shall have the right to compel disclosure of the identity, existence of an Informant or the information provided by an Informant, except to the extent relied upon in any proceeding initiated against such person by the Board.

Explanation 1. – The confidentiality in respect of the identity and existence of the Informant shall be maintained throughout the process of investigation, inquiry and examination as well as during any proceedings before the Board and save where the evidence of the Informant is required during such proceedings, advance notice of such evidence may be provided to the noticee at least seven (7) working days prior to the date of the scheduled hearing for evidence.

Explanation 2. – In proceedings before any authority other than the Board, the Board may request maintenance of confidentiality of the identity and existence of an Informant in such proceeding.

Protection against retaliation and victimisation

7I. (1) Every person required to have a Code of Conduct under these regulations shall ensure that such a Code of Conduct provides for suitable protection against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination against any employee who files a Voluntary Information Disclosure Form, irrespective of whether the information is considered or rejected by the Board or he or she is eligible for a Reward under these regulations, by reason of:

- (i) filing a Voluntary Information Disclosure Form under these regulations;
- (ii) testifying in, participating in, or otherwise assisting or aiding the Board in any investigation, inquiry, audit, examination or proceeding instituted or about to be instituted for an alleged violation of insider trading laws or in any manner aiding the enforcement action taken by the Board; or
- (iii) breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement solely to prevent any employee from cooperating with the Board in any manner.

Explanation 1. - For the purpose of this Chapter, “employee” means any individual who during employment may become privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form under these regulations and is a director, partner, regular or contractual employee, but does not include an advocate.

Explanation 2. - Nothing in this regulation shall require the employee to establish that,-

- (i) the Board has taken up any enforcement action in furtherance of information provided by such person; or
- (ii) the information provided fulfils the criteria of being considered as an Original Information under these regulations.

(2) Nothing in these regulations shall prohibit any Informant who believes that he or she has been subject to retaliation or victimisation by his or her employer, from approaching the competent court or tribunal for appropriate relief.

(3) Notwithstanding anything contained in sub-regulation (2), any employer who violates this Chapter may be liable for penalty, debarment, suspension, and/or criminal prosecution by the Board, as the case may be:

Provided that nothing in these regulations will require the Board to direct re-instatement or compensation by an employer.

(4) Nothing in these regulations shall diminish the rights and privileges of or remedies available to any Informant under any other law in force.

Void Agreements

7J. (1) Any term in an agreement (oral or written) or Code of Conduct, is void in so far as it purports to preclude any person, other than an advocate, from submitting to the Board information relating to the violation of the securities laws that has occurred, is occurring or has a reasonable belief that it would occur.

(2) No person shall by way of any threat or act impede an individual from communicating with the Board, including enforcing or threatening to enforce, a confidentiality agreement (other than agreements related to legal representations of a client and communications there under) with respect to such communications.

Explanation. - No employer shall require an employee to notify him of any Voluntary Information Disclosure Form filed with the Board or to seek its prior permission or consent or guidance of any person engaged by the employer before or after such filing.

No Amnesty

7K. (1) Nothing in these regulations shall be deemed to provide any amnesty or immunity to an Informant for violation of securities law.

(2) Where an action against an Informant is deemed appropriate the Board may take into account the co-operation rendered in the final determination of any penalty, sanction, direction or settlement thereof, as the case may be.

(3) Where an action against an Informant is deemed appropriate, the Board while determining the value of monetary sanctions shall not take into account the monetary sanctions that the Informant is ordered to pay or that which any other person is ordered to pay if the liability of such other person is based substantially on the conduct that the Informant directed, planned, or initiated.

(4) An Informant who may be liable for enforcement action by the Board based on his or her conduct in connection with securities laws violations reported in the Voluntary Information Disclosure Form filed with the Board, may simultaneously or at any time thereafter file an

application seeking settlement with confidentiality under Chapter IX of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018.

(5) Notwithstanding any action taken by the Board against an Informant, the Informant may, after payment of any monetary amounts be eligible for a Reward.

Functions of Informant Incentive Committee

7L. (1) The Informant Incentive Committee shall be assisted by the Office of Informant Protection.

(2) The Informant Incentive Committee shall give its recommendations to the Board on the following matters,-

- i. Eligibility of Informant for reward;
- ii. Determination under regulations 7E and 7G; and
- iii. Such other issues relating to Informant as the Board may require from time to time.

(3) The Informant Incentive Committee shall conduct its meetings in the manner specified by the Board in this regard.

Public dissemination and incentivisation of Informant.

7M. (1) The Board shall upload on its website the following,-

- i. Annual report of the Office of Informant Protection;
- ii. Press release informing the public that an intimation to the Informant has been issued under Regulation 7D;
- iii. Press release informing the public that a Reward has been paid under these regulations and the amount of Monetary Sanctions recovered pursuant to the information provided by the Informant;
- iv. The Order issuing the Reward;

Explanation. – Nothing in this regulation shall require the Board to disclose information that could identify the Informant or the information provided by the Informant.]

CHAPTER – IV

CODES OF FAIR DISCLOSURE AND CONDUCT

Code of Fair Disclosure.

8. (1) The board of directors of every company, whose securities are listed on a stock exchange, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to these regulations, without diluting the provisions of these regulations in any manner.

NOTE: *This provision intends to require every company whose securities are listed on stock exchanges to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for its securities. Principles such as, equality of access to information, publication of policies such as those on dividend, inorganic growth pursuits, calls and meetings with analysts, publication of transcripts of such calls and meetings, and the like are set out in the schedule.*

(2) Every such code of practices and procedures for fair disclosure of unpublished price sensitive information and every amendment thereto shall be promptly intimated to the stock exchanges where the securities are listed.

NOTE: *This provision is aimed at requiring transparent disclosure of the policy formulated in sub-regulation (1).*

Code of Conduct.

9. (1) The board of directors of every listed company and ²⁸[the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or

²⁸ Substituted for the words “market intermediary” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

managing director] shall formulate a code of conduct ²⁹[with their approval] to regulate, monitor and report trading by its ³⁰[designated persons and immediate relatives of designated persons] towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B ³¹[(in case of a listed company) and Schedule C (in case of an intermediary)] to these regulations, without diluting the provisions of these regulations in any manner.

³²[Explanation – For the avoidance of doubt it is clarified that intermediaries, which are listed, would be required to formulate a code of conduct to regulate, monitor and report trading by their designated persons, by adopting the minimum standards set out in Schedule B with respect to trading in their own securities and in Schedule C with respect to trading in other securities.]

NOTE: *It is intended that every company whose securities are listed on stock exchanges and every ³³[intermediary] registered with SEBI is mandatorily required to formulate a code of conduct governing trading by ³⁴[designated persons and their immediate relatives]. The standards set out in the ³⁵[schedules] are required to be addressed by such code of conduct.*

(2) ³⁶[The board of directors or head(s) of the organisation, of every other person who is required to handle unpublished price sensitive information in the course of business operations shall formulate a code of conduct to regulate, monitor and report trading by their designated

²⁹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

³⁰ Substituted for the words “employees and other connected persons” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

³¹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

³² Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

³³ Substituted for the words “market intermediary” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

³⁴ Substituted for the words “its employees” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

³⁵ Substituted for the word “schedule” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

³⁶ Substituted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019). Prior to substitution Sub-regulation (2) read as under:

“Every other person who is required to handle unpublished price sensitive information in the course of business operations shall formulate a code of conduct to regulate, monitor and report trading by employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to these regulations, without diluting the provisions of these regulations in any manner.”

persons and immediate relative of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule C to these regulations, without diluting the provisions of these regulations in any manner.

Explanation - Professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising listed companies shall be collectively referred to as fiduciaries for the purpose of these regulations.]

NOTE: ³⁷*[This provision is intended to mandate persons other than listed companies and intermediaries that are required to handle unpublished price sensitive information to formulate a code of conduct governing trading in securities by their designated persons. These entities include professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising listed companies. Even entities that normally operate outside the capital market may handle unpublished price sensitive information. This provision would mandate all of them to formulate a code of conduct.]*

(3) Every listed company, ³⁸[intermediary] and other persons formulating a code of conduct shall identify and designate a compliance officer to administer the code of conduct and other requirements under these regulations.

NOTE: *This provision is intended to designate a senior officer as the compliance officer with the responsibility to administer the code of conduct and monitor compliance with these regulations.*

³⁹[(4) For the purpose of sub regulation (1) and (2), the board of directors or such other analogous authority shall in consultation with the compliance officer specify the designated

³⁷ Substituted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019). Prior to substitution the Note read as under:

“This provision is intended to mandate persons other than listed companies and market intermediaries that are required to handle unpublished price sensitive information to formulate a code of conduct governing trading in securities by their employees. These entities include professional firms such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising listed companies, market intermediaries and other capital market participants. Even entities that normally operate outside the capital market may handle unpublished price sensitive information. This provision would mandate all of them to formulate a code of conduct.”

³⁸ Substituted for the words “market intermediary” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

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) Employees of such listed company, intermediary or fiduciary designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors or analogous body;

(ii) Employees of material subsidiaries of such listed companies designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;

(iii) All promoters of listed companies and promoters who are individuals or investment companies for intermediaries or fiduciaries;

(iv) Chief Executive Officer and employees upto two levels below Chief Executive Officer of such listed company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished price sensitive information;

(v) Any support staff of listed company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information.]

⁴⁰[Institutional Mechanism for Prevention of Insider trading.

9A. (1) The Chief Executive Officer, Managing Director or such other analogous person of a listed company, intermediary or fiduciary shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.

³⁹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁴⁰ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

(2) The internal controls shall include the following:

- (a). all employees who have access to unpublished price sensitive information are identified as designated ⁴¹[person];
- (b). all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
- (c). adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
- (d). lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- (e). all other relevant requirements specified under these regulations shall be complied with;
- (f). periodic process review to evaluate effectiveness of such internal controls.

(3) The board of directors of every listed company and the board of directors or head(s) of the organisation of intermediaries and fiduciaries shall ensure that the Chief Executive Officer or the Managing Director or such other analogous person ensures compliance with regulation 9 and sub-regulations (1) and (2) of this regulation.

(4) The Audit Committee of a listed company or other analogous body for intermediary or fiduciary shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

⁴¹ Substituted for the word “employee” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

(5) Every listed company shall formulate written policies and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, which shall be approved by board of directors of the company and accordingly initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.

(6) The listed company shall have a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.

(7) If an inquiry has been initiated by a listed company in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, the relevant intermediaries and fiduciaries shall co-operate with the listed company in connection with such inquiry conducted by listed company.]

CHAPTER – V

MISCELLANEOUS

Sanction for violations.

10. Any contravention of these regulations shall be dealt with by the Board in accordance with the Act.

Power to remove difficulties.

⁴²[11. (1) In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Board shall have the power to issue directions through guidance notes or circulars:

Provided that where any direction is issued by the Board in a specific case relating to interpretation or application of any provision of these regulations, it shall be done only after affording a reasonable opportunity of being heard to the concerned persons and after recording reasons for the direction.]

⁴³[(2) For the purpose of Chapter IIIA, the Board may,-

- i. by circular, specify procedures and processes for carrying out the purposes of these regulations;
- ii. remove any difficulty in the interpretation or application or implementation of the provisions of these regulations, by issuing clarifications and specifying procedures through circulars or guidelines.]

Repeal and Savings.

12. (1) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 are hereby repealed.

(2) Notwithstanding such repeal,—

(a) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed; and

⁴² Renumbered as 11 (1) by Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 (w.e.f. December 26, 2019)

⁴³ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 (w.e.f. December 26, 2019)

(b) anything done or any action taken or purported to have been done or taken including any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(3) After the repeal of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.

SCHEDULE A

[See sub-regulation (1) of regulation 8]

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

1. Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
3. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
7. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
8. Handling of all unpublished price sensitive information on a need-to-know basis.

SCHEDULE B

*[See sub-regulation (1) ⁴⁴[***] of regulation 9]*

Minimum Standards for Code of Conduct ⁴⁵[for Listed Companies] to Regulate, Monitor and Report Trading by ⁴⁶[Designated Persons]

1. The compliance officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors, ⁴⁷[but not less than once in a year].

2. All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of ⁴⁸[***] legitimate purposes, performance of duties or discharge of ⁴⁹[***] legal obligations. The code of conduct shall contain norms for appropriate Chinese Walls procedures, and processes for permitting any designated person to “cross the wall”.

3. ⁵⁰[Designated Persons and immediate relatives of designated persons] in the organisation shall be governed by an internal code of conduct governing dealing in securities. ⁵¹[***]

⁴⁴ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “*and sub-regulation (2)*”.

⁴⁵ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁴⁶ Substituted for the word “Insiders” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁴⁷ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁴⁸ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “the insider’s”.

⁴⁹ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “his”.

⁵⁰ Substituted for the words “Employees and connected persons designated on the basis of their functional role (“designated persons”)” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁵¹ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as below:

“The board of directors shall in consultation with the compliance officer specify the designated persons to be covered by such code on the basis of their role and function in the organisation. Due regard shall be had to the

⁵²[4. (1) Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. 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 unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

(2) ⁵³[Trading restriction period ⁵⁴[shall] be made applicable from the end of every quarter till 48 hours after the declaration of financial results. The gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.]

⁵⁵[(3) 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;

(b) transactions which are undertaken in accordance with respective regulations made by the Board such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer] ⁵⁶[or transactions which are undertaken through such other mechanism as may be specified by the Board from time to time].

access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation.”

⁵² First paragraph numbered as sub-clause (1) and second and third paragraph combined and numbered as sub-clause (2) by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

⁵³ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁵⁴ Substituted for the word “can” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

⁵⁵ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

⁵⁶ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 (w.e.f. July 17, 2020).

5. The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available. ⁵⁷[***]

6. When the trading window is open, trading by designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate. ⁵⁸[***]

7. ⁵⁹[***]

8. Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

9. The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

⁵⁷ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as below:

“The trading window shall also be applicable to any person having contractual or fiduciary relation with the company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the company.”

⁵⁸ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as below:

“No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.”

⁵⁹ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as below:

“The compliance officer shall confidentially maintain a list of such securities as a “restricted list” which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.”

10. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

⁶⁰[Provided that this shall not be applicable for trades pursuant to exercise of stock options.]

11. The code of conduct shall stipulate such formats as the board of directors deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance ⁶¹[***] and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.

12. ⁶²[Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, etc., that may be imposed, by the listed company required to formulate a code of conduct under sub-regulation (1) of regulation 9, for the contravention of the code of conduct. Any amount collected under this clause shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.]

⁶⁰ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁶¹ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “recording of reasons for such decisions”.

⁶² Substituted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 (w.e.f. July 17, 2020). Prior to the substitution, clause 12 read as follows: -

“Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, clawback etc., that may be imposed, by the listed company required to formulate a code of conduct under sub-regulation (1) of regulation 9, for the contravention of the code of conduct”.

13. The code of conduct shall specify that in case it is observed by the ⁶³[listed company] required to formulate a code of conduct under sub-regulation (1) ⁶⁴[***]of regulation 9, that there has been a violation of these regulations, ⁶⁵[it] shall ⁶⁶[promptly inform the stock exchange(s) where the concerned securities are traded, in such form and such manner as may be specified by the Board from time to time].

⁶⁷[14. Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:

- a) immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

Explanation – The term “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 ⁶⁸[from a designated person] during the immediately preceding twelve months, equivalent to at least 25% ⁶⁹[of the annual income of such designated person] but shall exclude relationships in which the payment is based on arm’s length transactions.]

⁶³ Substituted for the word “persons” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁶⁴ Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “and sub-regulation (2)”

⁶⁵ Substituted for the word “they” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁶⁶ Substituted for the words “inform the Board promptly” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 (w.e.f. July 17, 2020).

⁶⁷ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁶⁸ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

⁶⁹ Substituted for the words “of such payer’s annual income” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

⁷⁰[15. Listed entities shall have a process for how and when people are brought ‘inside’ on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.]

⁷⁰ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

⁷¹[SCHEDULE C

[See sub-regulation (1) and sub-regulation (2) of regulation 9]

Minimum Standards for Code of Conduct for Intermediaries and Fiduciaries to Regulate, Monitor and Report Trading by Designated Persons

1. The compliance officer shall report to the board of directors or head(s) of the organisation (or committee constituted in this regard) and in particular, shall provide reports to the Chairman of the Audit Committee or other analogous body, if any, or to the Chairman of the board of directors or head(s) of the organisation at such frequency as may be stipulated by the board of directors or head(s) of the organization but not less than once in a year.
2. All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. The code of conduct shall contain norms for appropriate Chinese Wall procedures, and processes for permitting any designated person to “cross the wall”.
3. Designated persons and immediate relatives of designated persons in the organisation shall be governed by an internal code of conduct governing dealing in securities.
4. Designated persons may execute trades subject to compliance with these regulations. Trading by designated persons shall be subject to pre- clearance by the compliance officer(s), if the value of the proposed trades is above such thresholds as the board of directors or head(s) of the organisation may stipulate.
5. The compliance officer shall confidentially maintain a list of such securities as a “restricted list” which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.

⁷¹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019)

6. Prior to approving any trades, the compliance officer shall seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

7. The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

8. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is a connected person of the listed company and is permitted to trade in the securities of such listed company, shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

9. The code of conduct shall stipulate such formats as the board of directors or head(s) of the organisation (or committee constituted in this regard) deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.

10. ⁷²[Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, etc., that may be imposed, by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, for the contravention of the code of conduct. Any amount collected under this clause shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.]

11. The code of conduct shall specify that in case it is observed by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (1) or sub-regulation (2) of regulation 9, respectively, that there has been a violation of these regulations, such intermediary or fiduciary shall ⁷³[promptly inform the stock exchange(s) where the concerned securities are traded, in such form and such manner as may be specified by the Board from time to time].

12. All designated persons shall be required to disclose name and Permanent Account Number or any other identifier authorized by law of the following to the intermediary or fiduciary on an annual basis and as and when the information changes:

- a) immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile, and cell numbers which are used by them

In addition, names of ⁷⁴[educational] institutions from which designated persons have ⁷⁵[graduated] and names of their past employers shall also be disclosed on a one time basis.

Explanation – the term “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 ⁷⁶[from a designated

⁷² Substituted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 (w.e.f. July 17, 2020). Prior to the substitution, clause 10 read as follows: -

“Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, clawback etc., that may be imposed, by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, for the contravention of the code of conduct.”

⁷³ Substituted for the words “inform the Board promptly” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 (w.e.f. July 17, 2020).

⁷⁴ Substituted for the word “educations” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

⁷⁵ Substituted for the word “studied” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

person] during the immediately preceding twelve months, equivalent to at least 25% ⁷⁷[of the annual income of such designated person] but shall exclude relationships in which the payment is based on arm's length transactions.

13. Intermediaries and fiduciaries shall have a process for how and when people are brought 'inside' on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.]

⁷⁶ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

⁷⁷ Substituted for the words "of such payer's annual income" by Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 (w.e.f. July 25, 2019)

⁷⁸[**SCHEDULE D**

[See regulation 7B]

Form for Informant's Voluntary Information Disclosure to be submitted to the Board.

Note: For submission of information through a legal representative, the redacted copy of the Form expunging information that may identify the Informant shall be submitted by the legal representative without expunging any information relating to the legal representative and the details relating to the violation of securities laws.

*Indicates that the required field is non-mandatory, remaining fields are mandatory

I. PERSONAL INFORMATION OF THE INFORMANT		
A. INDIVIDUAL 1:		
Last Name:.....	First Name:.....	Title:.....
Address:	City / State:	PIN:
Telephone (with State Code):	Mobile:	E-Mail address:
Employment Details*:	Permanent Account Number, if available:	
II. LEGAL REPRESENTATIVE (where applicable)		
Last Name:.....	First Name:.....	Title:.....
Firm Name (if not self-employed):		
Contact address :	City / State:	PIN:
Residence address:	City / State:	PIN:
Telephone (with State Code):	Mobile:	E-Mail address:

⁷⁸ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 (w.e.f. December 26, 2019)

Bar Council Enrolment Number:		
III SUBMISSION OF ORIGINAL INFORMATION		
1. Is it a violation of securities laws? Yes / No		
2. If yes to question (1), please describe the type of violation:		
3. Has the violation: Occurred / Occurring / Potential to occur in future		
4. If the violation has occurred, date of occurrence: dd/mm/yy <i>(in case exact date is not known, an approximate period may be entered)</i>		
5. Have the individual(s) or their representatives had any prior communication(s) or representations with the Board concerning this matter? Yes (Details thereof) / No		
6. Does this violation relate to an entity of which the individual is or was an officer, director, counsel, employee, consultant or contractor? Yes (Details thereof) / No		
7. If yes to question (6), was the original information submitted first to your Head or internal legal and compliance office? Yes / No		
8. If yes question (7), then please provide, Date of submission of original information: dd/mm/yy		
9. Please describe in detail why you think the information submitted is a violation?		
10. What facts or supporting material is your allegation based on? Please attach any additional documents to this form, if necessary.		
11. Identify any documents or other information in your submission that you believe could reasonably be expected to reveal your identity and explain the basis for your belief that your identity would be revealed if the documents were disclosed to a third party.		
12. Provide details of connection amongst the Informant, the company whose securities are involved and the person against whom information is being		

provided:

IV. DECLARATION

I/we hereby declare that,-

- A. I/we have read and understood the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- B. I/we accept that mere furnishing of information by me/us does not by itself confer on me/us right to get reward and that I/we may not get any Reward at all. I/we would be bound by the decisions that the authority competent to grant reward may take;
- C. I/we accept that the Securities and Exchange Board of India is under no obligation to enter into any correspondence regarding action or inaction taken as a result of my/our information.
- D. I/we accept that the reward would be an ex-gratia payment which, subject to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, shall be granted at the absolute discretion of the competent authority. The decision of the authority shall be acceptable to me/us and I/we shall not challenge it in any litigation, appeal, adjudication, etc.
- E. In the event of my/our death before the reward is paid to me/us, it may be paid to (Details of nominee)
- F. I/we declare that the information contained herein is true, correct and complete to the best of my/our knowledge and belief and not obtained from the categories of persons indicated in sub-regulation (2) and sub-regulation (6) of regulation 7G of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and agree to indemnify the Board in case it is not

so found. I/we fully understand that I/we may be subject to action under securities laws as well as Section 182 of the Indian Penal Code, 1860 (45 of 1860) and ineligible for Reward if, in my/our submission of information or in any other dealings with the Board, I/we knowingly and wilfully make any false, fictitious, or fraudulent statements or representations, or use any false writing or document knowing that the writing or document contains any false, fictitious, or fraudulent statement.

Signature:.....

Date: dd/mm/yy

Place:

V. CERTIFICATE BY LEGAL REPRESENTATIVE (where the information is submitted through legal representative)

I hereby certify as follows,-

- (a) I have reviewed the completed and signed Voluntary Information Disclosure Form for completeness and accuracy and the information contained therein is true, correct and complete to the best of my knowledge;

- (b) I have irrevocable consent from the Declarant, to provide to the Securities and Exchange Board of India, the original Voluntary Information Disclosure Form in the event of a request for it from the Securities and Exchange Board of India due to concerns that the Informant has not complied with these regulations or where the Securities and Exchange Board of India requires the said information for the purpose of verification for declaring any gratuitous reward to the Informant or where the Securities and Exchange Board of India determines that it is necessary to seek such information to accomplish the purpose of the Securities and Exchange Board of India Act including for the protection of investors,

sharing with foreign securities regulators and foreign and Indian law enforcement agencies, etc.;

(c) I am and shall continue to be legally obligated to provide the original Voluntary Information Disclosure Form without demur within seven (7) calendar days of receiving such request from the Securities and Exchange Board of India.

Signature:.....

Date: dd/mm/yy

Place:

79[SCHEDULE E

[See regulations 7D and 7E]

Form for Informant's Reward Claim to be submitted to the Board within the time specified in the intimation of prima facie eligibility to receive an Informant Reward.

All fields are mandatory

I. PERSONAL INFORMATION		
A. Informant: Last name:-----	First Name:-----	Title:-----
Address:	City / State:	PIN:
Telephone (with State code):	Mobile:	E-Mail Address:
Employment Details:	Permanent Account Number:	
II ORIGINAL INFORMATION SUBMITTED		
Online Acknowledgment Receipt Number: (Annex Original Form for Voluntary Information Disclosure, if not yet submitted to Securities and Exchange Board of India)		
Subject matter of submission:		Date of submission: dd/mm/20
Case Name:	SEBI Order No.:	Date: dd/mm/20
III CONSIDERATION FOR REWARD		
Provide any material information that may be relevant in light of the criteria for determining the amount of Reward or denial thereof. Include any supporting documents if necessary.		
IV DECLARATION BY INFORMANT		

⁷⁹ Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 (w.e.f. December 26, 2019)

I/we hereby declare that,-

- A. I/we have read and understood the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- B. I/we accept that mere furnishing of information by me/us does not by itself confer on me/us right to get reward and that I/we may not get any Reward at all. I/we would be bound by the decisions that the authority competent to grant reward may take;
- C. I/we accept that the Securities and Exchange Board of India is under no obligation to pay any reward or enter into any correspondence regarding action or inaction taken as a result of this communication.
- D. I/we accept that the reward would be an ex-gratia payment which, subject to the Securities and Exchange Board of India Prohibition of Insider Trading) Regulations, 2015, shall be granted at the absolute discretion of the competent authority. The decision of the authority shall be acceptable to me/us and I/we shall not challenge it in any litigation, appeal, adjudication, etc.
- E. In the event of my/our death before the reward is paid to me/us, it may be paid to (Details of nominee)
- F. I/we declare that the information contained herein is true, correct and complete to the best of my/our knowledge and belief and not obtained from the categories of persons indicated in sub-regulation (2) and sub-regulation (6) of regulation 7G of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and agree to indemnify the Board in case it is not so found. I/we fully understand that I/we may be subject to action under securities laws as well as Section 182 of the Indian Penal Code, 1860 (45 of 1860) and ineligible for an Informant Reward if, in my/our submission of information or in any

other dealings with the Board, I/we knowingly and wilfully make any false, fictitious, or fraudulent statements or representations, or use any false writing or document knowing that the writing or document contains any false, fictitious, or fraudulent statement.

Signature:.....

Date: dd/mm/yy

Place:

V CERTIFICATE BY LEGAL REPRESENTATIVE (where applicable)

I hereby certify as follows,-

(a) I have reviewed the completed and signed claim form for completeness and accuracy and the information contained therein is true, correct and complete to the best of my knowledge; and

(b) The declarant is the person who signed the original Voluntary Information Disclosure Form.

Signature:.....

Date: dd/mm/yy

Place:

]

**U. K. SINHA
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA**