

B. Structured Digital Database

5. Question:

Whether the requirement to maintain structured digital database under Regulation 3(5) is applicable on intermediaries and fiduciaries?

Answer

The requirement to maintain structured digital database under Regulation 3(5), containing the names of such persons or entities with whom UPSI is shared, is applicable to listed companies, and intermediaries and fiduciaries who handle UPSI of a listed company in the course of business operations.

6. Question:

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

Answer:

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

- (i). Details of the Unpublished Price Sensitive Information (UPSI);

¹ Substituted pursuant to amendment in SEBI PIT Regulations, 2015 dated July 17, 2020. Erstwhile FAQ dated November 04, 2019 read as follows-

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not available), in accordance with Regulation 9A(2)(d) and as required under Schedule C, with whom they have shared the unpublished price sensitive information.

- (ii). Details of persons with whom such UPSI is shared (along with their PANs/other unique identifier) and details of persons who have shared the information.

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

For example: The listed company (X) has appointed a Law firm or Merchant Banker (Y) in respect of fund raising activity and (A) from listed company has shared the said UPSI with (B) of Law firm or Merchant Banker. The structured digital database of (X) should capture the nature of UPSI shared, details of (A), (Y) and (B), along with their PAN or other unique identifier (in case PAN is not available).

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

7. Question

If the structured digital database is maintained on Amazon, Google or cloud server hosted outside India, will it be considered as outsourced or internal?

Answer

²[The SDD has to be maintained in compliance of Regulation 3 (5) and 3(6) of PIT regulations. The Board is solely accountable for all aspects related to the maintenance of data on cloud or any other method. The Board and the compliance officer has to ensure the confidentiality, integrity and security of its data and logs, and ensure compliance with the laws, regulations, circulars, FAQ's etc. issued by SEBI/ Exchanges from time to time. The Board / Compliance Officer shall be responsible and accountable for any violation of the same.]

8. Question

Regulation 3(5) requires structured digital database shall not be outsourced and shall be maintained internally with adequate internal controls and checks. Whether a listed

² Substituted vide the revised PIT FAQs, dated March 31, 2023. Prior to substitution, reply to FAQ 7 read as follows:

"Databases/servers provided by third party vendors whether within India or outside India will be considered as outsourced."

company can use software provided by third party vendors, wherein the server is of the vendor but requisite entries are made by the employees of the company only.

Answer

The third party vendors are providing the services/software on login basis, where the server is maintained by the vendor. Therefore, the vendor may have access to such records which would be contrary to the regulations with respect to maintenance of structured digital database.

9. Question

Does list of UPSI as prepared by the company in-house needs to be disseminated to public at large?

Answer

No, there is no requirement to disseminate the list of UPSI on the website of the company.

10. Question

Are companies required to maintain this structured digital database even when the information is shared only within the company?

Answer

Yes, irrespective of the fact that information is shared within or outside the Company, requisite records shall be updated in structured digital database as and when the information gets transmitted.

11. Question

Nominee directors ³[of a bank or financial institution] sharing information to their bank or financial institution for legitimate purpose, will it be covered as communication of UPSI?

Answer

⁴[The nominee directors on an entity, falling under the list of designated persons or as an insider, sharing UPSI with the Bank/FIs, for the legitimate purpose of the entity, would be

³ Inserted vide the revised PIT FAQs, dated March 31, 2023.

⁴ Substituted vide the revised PIT FAQs, dated March 31, 2023. Prior to substitution, reply to FAQ 11 read as follows:

" If the directors fall under the list of designated persons or as an insider, then sharing of UPSI by them for legitimate purpose with the Bank/FIs, would be considered as communication of UPSI. Accordingly, the same would be recorded in the SDD of the company."

considered as communication of UPSI. Accordingly, the same would need to be recorded in the SDD of the company.]

12. Question

For how long the Company needs to maintain the data in its structured digital database?

Answer

As per Regulation 3(6) of SEBI (PIT) Regulations, the structured digital database shall be 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 SEBI regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceeding.