



**SEBI (Prohibition of Insider Trading)
Regulations, 2015**

What is this presentation all about??



- ✚ Highlights / challenges under the new regulations
- ✚ Trading Plan
- ✚ Disclosures to company by Insiders
- ✚ Disclosure by company to the Stock exchanges
- ✚ Various formats
- ✚ Role of Company Secretary



- ✚ **Trading** includes subscribing, buying, selling, dealing or agreeing to do any of these activities. [Section 2(l) of new regulation]
- ✚ *Trading means transacting in securities whether by way of acquisition / disposal [NK Sodhi Report]*
- ✚ No exemptions or special provisions for special actions such as:
 - ✚ Right issues, FPOs, buy back, open offer
 - ✚ ESOPs
 - ✚ Pledge of shares

Implication on Employee Stock Options – A case study

- + ESOP exercise is a trading and therefore need to follow the standard obligations under the regulations.*

Examples : A, an employee of X ltd. has ESOPs as per following details

Stock Options : 10000 Exercise Price : Rs. 200 (50% discount)

Exercise : By 31/ 03/16 Liquidity : Rs. 10,00,000

Required Cash outflow : 26,80,000 (268 per share)




I exercise (May 15, 2015) : 3500 Sale (after 6 months) : December 1, 2015

Realisation: Rs. 12,00,000 (Net of STT and expenses)

II exercise (May 2, 2016) : 4500 Sale (after 6 months) : December 1, 2016

Realisation: Rs. 18,40,000 (Subject to STT and expenses)

Implications on Corporates (promoters / holding companies etc.)

-  *No special provisions for corporate events like OFS, compliance with Securities Contract Regulation 19(2)(b), preferential allotments etc.*
 -  *Trading Plan not appropriate for such events*
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- ✚ ***Unpublished Price Sensitive Information or UPSI*** means *Information relating to company, or its securities, directly or indirectly that is not generally available, is likely to materially affect the price of the securities and includes financial results, dividend, mergers, change in capital structure, change in KMPs, *Material events pursuant to Clause 36 of Listing Agreement* etc.*

Insider Vs. Connected Persons Vs. Designated Persons

- ✚ **Insider** : (i) a connected person; or (ii) in possession of or having access to unpublished price sensitive information
- ✚ **Connected Person** :
 - ✚ Every person in association with co. and in possession of UPSI e.g. Employees, consultants during the six months prior to the concerned act
 - ✚ Persons who may not occupy any position in a company but are in regular touch with the Company and its officers e.g. Auditors, law firms, RTA
 - ✚ Deemed Insiders (relatives, holding, subsidiary, associates, entities where directors hold > 10% etc.)
- ✚ **Designated Person** : Identified by the Company in its code of conduct.

Communication / procurement of UPSI

No Insider shall communicate, provide, or allow access to

No person shall procure from or cause the communication by Insider of

any UPSI relating to a company or its securities listed or proposed to be listed to any other person except where such communication is in furtherance to legitimate purpose or performance of duty or discharge of legal obligation

Exceptions :

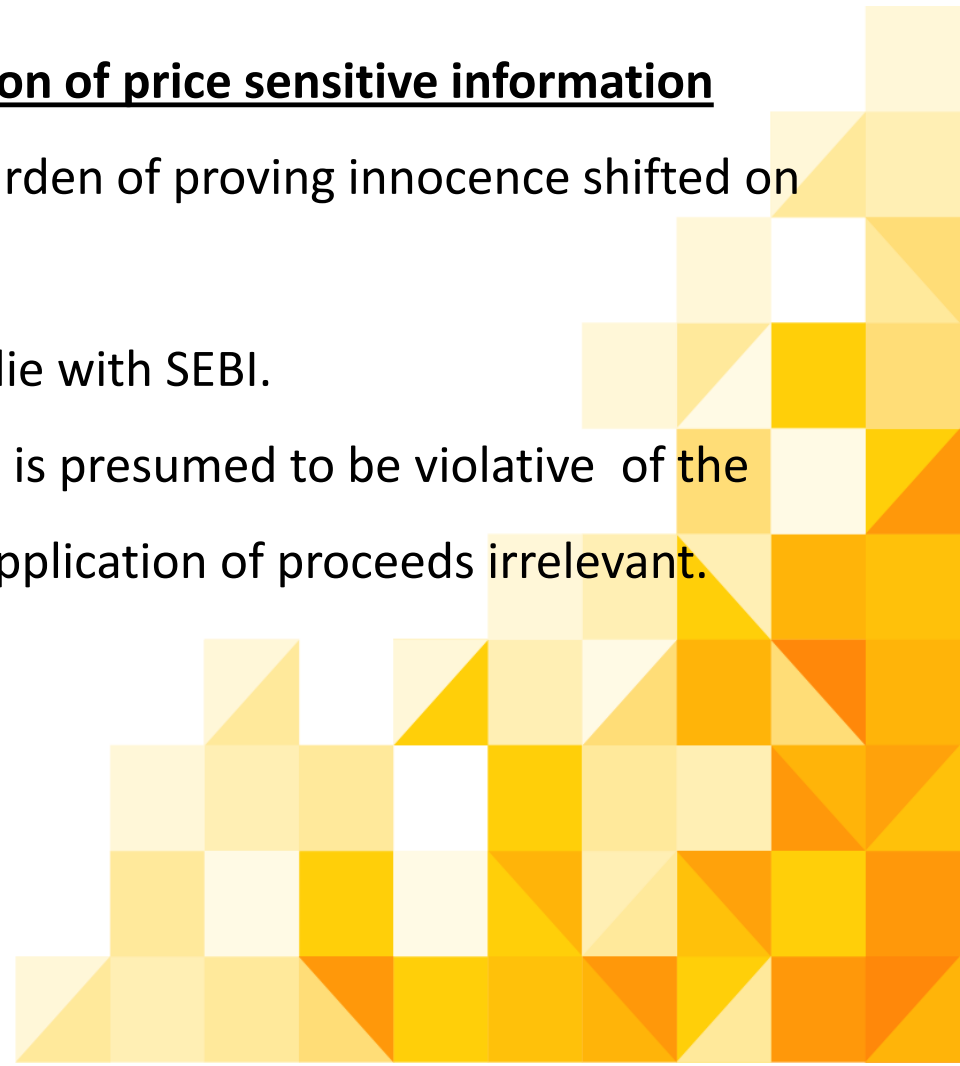
- Entail an obligation to make an open offer under the takeover regulations
- With Board approval, if the information is disseminated two days prior to effecting the proposed transaction.

Restriction on Trading while in possession of price sensitive information

No Insider shall trade in the securities that are listed or proposed to be listed on the stock exchange when in possession of UPSI except in following permitted situations:

- ✚ Off market *inter-se* transfers between promoters
- ✚ Existence of Chinese wall if insider is a company
- ✚ The trade pursuant to a trading plan

Restriction on trading while in possession of price sensitive information

- ✚ In case of connected person, the burden of proving innocence shifted on connected person
 - ✚ For other persons, it continuous to lie with SEBI.
 - ✚ Trading, while in possession of USPI is presumed to be violative of the regulations. The reason of trade / application of proceeds irrelevant.
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An advance planning for trading in the securities of the company by the Insider (who are perpetually in possession of the UPSI) . The plan need to satisfy the following conditions:

- ✚ Six months cooling off period
- ✚ No trading between 20 days prior to Financial Period and closure of second trading day after result announcement.
- ✚ Plan for minimum 12 months
- ✚ No overlapping of trading plan
- ✚ Set out either the value of trades or the number of securities to be traded along with the nature and the intervals at, or dates of trade

- ✚ No requirement for mandatory six months gap between contra trade
- ✚ No format prescribed. Trading Plan can provide for trading on reaching the floor price, transaction on particular date, pricing formula etc.
- ✚ Trading plan once approved shall be irrevocable
- ✚ Trading plan to be suspended if UPSI continues till implementation
- ✚ No market abuse through trading plan
- ✚ Trading plan to be approved by CS
- ✚ Trading plan will be disseminated on stock exchanges website



- ✚ Trading Plan of an Insider
- ✚ Date of Submission : June 1, 2015
- ✚ Period of the Plan : December 1, 2015 – November 30, 2015 (365 days)
- ✚ Date of enforcement : December 1, 2015

No trading period	December 10, 2015 – January 31, 2016	51 days
	March 10, 2016 – April 30, 2016	50 days
	June 10, 2016 – July 31, 2016	51 days
	September 10, 2016 – October 31, 2016	50 days
		===== 202 days =====

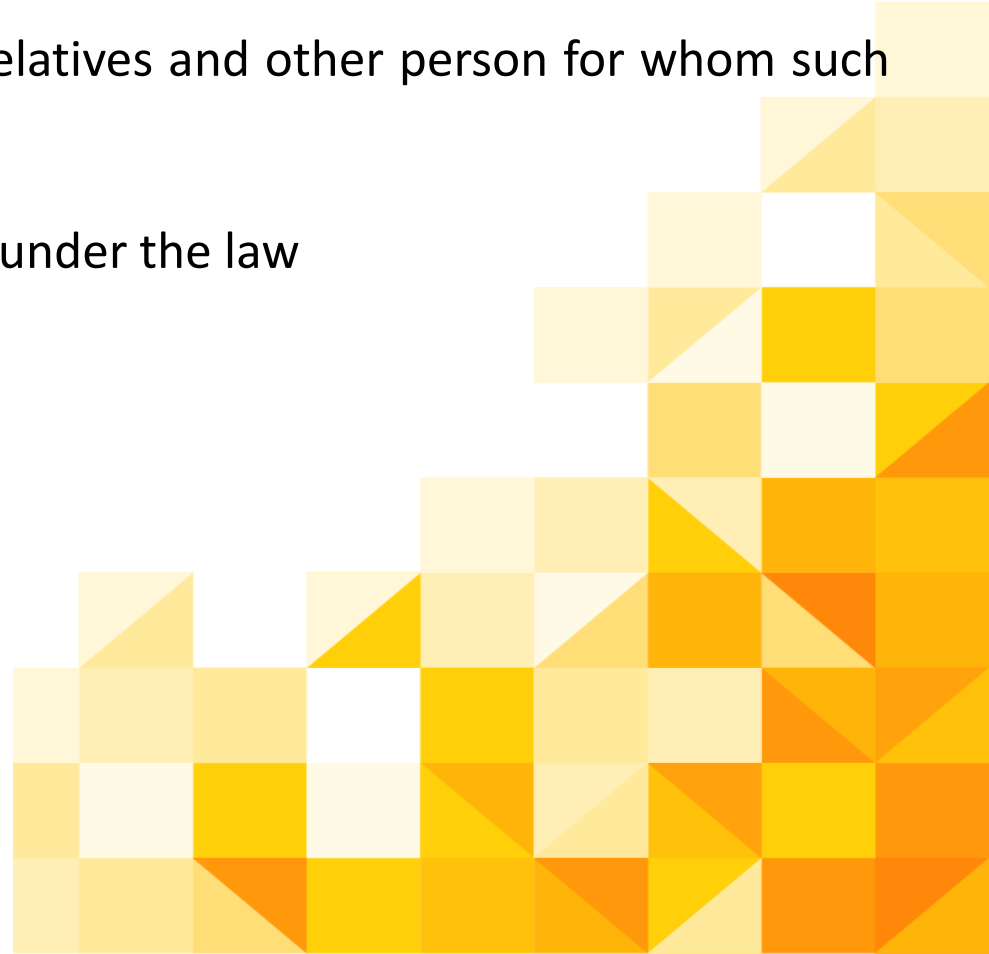
- ✚ Limitations of trading plan
 - ✚ No exemptions for personal exigencies e.g. medical emergencies
 - ✚ No provisions of various corporate actions, not known to the employees
 - ✚ Insiders need to envisage their trading in shares in advance as long as 18 month.



Disclosures : General Provisions

The following rules apply for all disclosures:

- ✚ Disclosure only in the prescribed format
- ✚ Disclosure to include trading by relatives and other person for whom such person take trading decision
- ✚ Derivatives included, if permitted under the law
- ✚ Record keeping for five years



Disclosures to the Company (Initial Disclosure)

- Who* - *Promoters, Directors, KMPs*
 - Whom* - *the Company*
 - Timeline* - *30 days of regulations taking effect*
 - Form* - *Form A*
 - Exempted* - *Other designated persons, Insiders*
 - SE filing* - *No filing / intimation to stock exchanges*
- One time form, practically redundant after June 14, 2015*

Disclosures to the Company (Initial Disclosure)

FORM A
Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (1) (a) read with Regulation 6 (2)]

Name of the company: Bharti Airtel Limited

ISIN of the company: INE397D01024

Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate relatives/ others etc.)	Securities held as on the date of regulation coming into force		% of Shareholding	Open Interest of the Future contracts held as on the date of regulation coming into force		Open Interest of the Option Contracts held as on the date of regulation coming into force	
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.		Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms

Note: “Securities” shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature:
 Designation:
 Date:
 Place:

Disclosures to the Company (Subsequent Initial Disclosure)

- Who* - *Promoters, Directors, KMPs*
- Whom* - *the Company*
- Timeline* - *within 7 days of change*
- Form* - *Form B [similar to Form A]*
- Exempted* - *Other designated employees, Insiders*
- SE filing* - *No filing / intimation to stock exchanges*
- Effective* - *May 15, 2015 onward*

Disclosures to the Company (Subsequent Initial Disclosure)



FORM B
Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (1) (b) read with Regulation 6 (2)]

Name of the company: Bharti Airtel Limited

ISIN of the company: INE397D01024

Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate relatives/ Others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding	Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP		Open Interest of the Option held at the time of becoming Promoter/appointment of Director/KMP	
			Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.		Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature:
 Designation:
 Date:
 Place:

Disclosures to the Company

(Continual Disclosure)

- Who* - *Promoters, Directors, Employees*
- Whom* - *The Company*
- What* - *Number of securities transacted, if the value of total transactions exceeds Rs. 10 Lacs in a calendar quarter*
- Timeline* - *Within 2 Trading Days of Transaction*
- Form* - *Form C*
- Exempted* - *Other Insiders & Connected persons*
- SE filing* - *Yes (By the Company)*

Disclosures to the Company (Continual Disclosure)



FORM C
Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (2) read with Regulation 6 (2)]

Name of the company: Bharti Airtel Limited

ISIN of the company: INE397D01024

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 No., CIN/DIN, & address of Promoter /Employee / Director with contact nos.	Category of Person (Promoter / KMP / Directors/ immediate relatives/ others etc.)	Securities held prior to acquisition/ disposal		Securities acquired /Disposed		% of shareholding		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition (market purchase/ Public rights/ preferential offer / off market/ Inter-se transfer etc.	Trading in derivatives (Specify type of contract, Futures or Options etc)				Exchange on which the trade was executed		
		Type of security (For eg. Shares, Warrant, Convertible Debenture etc.)	No	Type of security (For eg. Shares, Warrants, Convertible Debenture, etc.)	No	Pre transaction	Post transaction	From	To			Buy		Sell				
												Value	Number of units (contracts * lot size)	Value	Number of units (contracts * lot size)			

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature:
 Designation:
 Date:
 Place

Disclosures by the Company (the Only Disclosure)



- Who* - *The Company*
- Whom* - *Stock Exchanges*
- What / format* - *Form C received / no separate format*
- Timeline* - *within 2 Trading Days of intimation / awareness*
- Confidentiality* - *No confidentiality / public information*



Disclosures by Connected Person

- Who* - *Connected Person*
- Whom* - *The Company*
- What* - *Holding and trading*
- Format* - *Form D / company can have separate form also*
- Timeline* - *Company can define its own timeline / within 2 Trading Days of intimation / awareness*

Disclosures by Connected Person



FORM D (Indicative Format)
Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (3)- Transactions by other identified persons as identified by the Company]

Name, PAN No., CIN/DIN & address of connected persons, as identified by the company with contact nos.	Connection with company	Securities held prior to acquisition/disposal		Securities acquired /Disposed		% of shareholding		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition (market purchase/ Public rights/ preferential offer / off market/ Inter-se transfer etc.	Trading in derivatives (Specify type of contract, Futures or Options etc)				Exchange on which the trade was executed		
		Type of security (For eg. – Shares, Warrant, Convertible Debenture etc.)	No	Type of security (For eg. – Shares, Warrant sConvertible Debenture, etc.)	No	Pre transaction	Post transaction	From	To			Buy		Sell				
												Value	Number of units (contracts * lot size)	Value	Number of units (contracts * lot size)			

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Name
 Signature:
 Date:
 Place

- Overall compliance of the Regulations.
- Code of fair disclosure and code of conduct.
- Designated Persons' Trading Plans – review, approval, monitoring , submission to stock exchanges.
- Periodic reporting to the Board of Directors and Audit Committee.
- Identifying and reviewing list of designated persons under internal code of conduct with guidance by the Board.
- Notifying closure and re-open of Trading Window – generally / for select employees.
- Monitoring of trading by employees and connected persons.
- Pre-clearance of trades.

- Relaxation from mandatory 6 months holding period to the Insiders in exceptional circumstances.
- Maintenance of records for a period of five years.
- Clarifications and guidance to the insiders
- Adoption of appropriate measures for prevention of leakage of UPSI.
- Stipulate various formats under the Code :
 - Preclearance of Trades
 - Reporting of trades by Insiders or Decisions not to trade after securing pre clearance

- Maintain following registers
 - Register of Insiders
 - Register of Preclearance
 - Register of forms (A, B, C, D) submitted to stock exchanges
- Board approval for due diligence on the Companies
- Reporting of non compliance to the Board / audit committee and SEBI





bharti

Thank You

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