



**भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India**

**CHIEF GENERAL MANAGER
INTEGRATED SURVEILLANCE DEPARTMENT**

29787
ISD/OW/ /2015
October 21, 2015

**Mr Jagannathan Chakravarthi
Chief Financial Officer
Mindtree Limited
Global Village,
RVCE post, Mysore Road,
Bangalore - 560059**

Dear Sir,

Re: Request for informal guidance by way of an interpretive letter under SEBI (Informal Guidance) Scheme, 2003 in connection with "Exercise of ESOPs/ESPS come under the definition of "Trading" and Definition of "Compliance Officer" under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015"

1. Please refer to the correspondence resting with your letter dated August 10, 2015 seeking guidance under the SEBI (Informal Guidance) Scheme, 2003.
2. It has inter-alia been informed by you that-
 - I. Mindtree Limited is a public limited company whose shares are listed on NSE and BSE. The company is engaged in the field of Information Technology (IT) and IT enabled services.
 - II. As per the requirement of SEBI (Prohibition of Insider Trading) Regulations, 2015, the company has framed Internal Code of Conduct.
 - III. The company has appointed the Executive Director as the "Compliance Officer" under the code as he reports to the Board of Directors of the Company.
3. In the light of aforesaid submissions, you had sought an interpretive letter on the following questions:
 - I. Does Exercise of ESOPs/ESPS come under the definition of Trading under Regulation 2 (1) (I)?
 - II. Does the restrictions on "Contra Trade" to designated employees under Regulation 10 of Schedule B apply to ESOPs and ESPS exercise?

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अनुवर्ती:
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
**Securities and Exchange
Board of India**

- III. Does the clarification provided on July 24, 2009 applicable to the new Code as well?
- IV. Can a senior person, say a Chief Financial Officer (CFO) or a Company Secretary (CS), who is not reporting to the Board, act as compliance officer and update the Board on the transactions related to Insider Trading quarterly.
- V. Can the company appoint more than one person as the Compliance Officer under the Code? In the current scenario, can CS as well as CFO be appointed as a Compliance Officer, so that one can sign and submit the documents if the other person is on travel?

4. Our views on the issue raised by you are as under-

- i. Your request appears to seek informal guidance in the nature of 'Interpretive letter' in respect of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 mentioned in your letter under reference.
- ii. With respect to your first two queries seeking comments regarding applicability of the SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI had issued a Guidance Note on SEBI (Prohibition of Insider Trading) Regulations, dated August 24, 2015 and the same may be referred for those queries. The guidance note is available on the SEBI website.
- iii. With respect to the third query, SEBI (Prohibition of Insider Trading) Regulations, 2015 has come into force repealing the SEBI (Prohibition of Insider Trading) Regulations, 1992, hence, the clarification dated July 24, 2009 provided under the SEBI (Prohibition of Insider Trading) Regulations, 1992 would not be applicable to the SEBI (Prohibition of Insider Trading) Regulations, 2015.
- iv. With respect to your fourth and fifth query, the reference may be drawn to the Regulation 2 (1)(c) of SEBI (PIT) Regulations, 2015 defining Compliance Officer as *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.*

The functions and responsibility of the Compliance Officer are specified in Regulation 2 (1)(c) of the SEBI (Prohibition of Insider



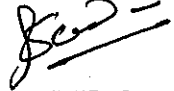
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Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
**Securities and Exchange
Board of India**

Trading) Regulations, 2015. The company may at its discretion appoint any senior officer as the Compliance Officer, necessarily report to the Board of directors or head of the organization as the case may be. Appointing any other person shall not be in accordance with the Regulations. In case of appointing more than one person as Compliance Officer they shall be held jointly and severally responsible.

5. This position is based on the representations and submissions made to the Department in your letter under reference. Different facts or conditions might require a different result. This letter expresses the Department's position on applicability of the respective Regulations / Guidelines as referred above only in the instant case. It does not express decision of the Board on the questions presented.
6. You may note that the above views are expressed only with respect to the clarification sought on the applicability of the respective Regulations/Guidelines as referred above and do not affect the applicability of any other law or requirements.

Yours faithfully,


Sunil Kadam