



Deputy General Manager  
Integrated Surveillance Department

SEBI/HO/ISD/ISD-PoD-2/P/OW/2025/7772/1  
March 10, 2025

NOCIL Limited  
Mafatlal House, 3<sup>rd</sup> Floor,  
H.T. Parekh Marg, Backbay Reclamation,  
Churchgate  
Mumbai- 400020

Kind attention: Mr. Amit K. Vyas, AVP- Legal & Company Secretary  
Sir,

**Sub: Request for interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003**

**Ref: Your letter dated January 06, 2025**

1. In your letter under reference, you have *inter alia* represented as follows:
  - 1.1. Equity shares of NOCIL Limited (**'the applicant/ the company'**) are listed on the stock exchanges.
  - 1.2. As per the company's understanding of the implication of the amendments made to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (**'PIT Regulations'**) w.e.f. December 06, 2024;
    - 1.2.1. The Board of Directors of a listed company shall formulate a code of conduct to Regulate, Monitor and Report trading by their designated persons ('DPs') and their relatives towards achieving compliance with the said amendments.
    - 1.2.2. DPs shall be required to disclose names, PAN, mobile and cell nos., email-id and demat account numbers or any other identifier authorized by law, of self, relatives and persons with whom such DPs share a material financial relationship, to the company on an annual basis and as and when the information changes.

1.2.3. DPs and their relatives shall be required to make periodic disclosures regarding their shareholding in the company, shall have to take prior approval of the compliance officer for any selling or buying of the shares of the listed company, shall be notified about the closure of the trading window by the compliance officer and during which the DPs and their relatives are strictly prohibited from selling or buying any shares of the company.

2. In view of the above, you have sought guidance in the form of an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 from SEBI on the following queries:

**2.1. Query 1:**

*2.1.1. For fiduciaries, should code be extended to cover the relatives of following DPs?*

- a. Each Promoter (in case the fiduciary is a company)*
- b. Each partner (in case the fiduciary is a firm/ LLP)*
- c. Employees/ representatives and support staff working on the listed company's mandate/ project/ assignment.*

*2.1.2. For intermediaries, should the code be extended to cover the relatives of following DPs?*

- a. Each Promoter (in case the fiduciary is a company)*
- b. Each partner (in case the fiduciary is a firm/ LLP)*
- c. Employees/ representatives and support staff working on the listed company's mandate/ project/ assignment.*

*2.1.3. For a listed company, should the code be extended to cover the relatives of following DPs?*

- a. The Chief Executive Officer and Employees up to two levels below Chief Executive Officer irrespective of their functional role in the company or ability to have access to unpublished price sensitive information.*
- b. All promoters of such listed company*

- c. All employees designated by the compliance officer on the basis of their functional role or access to unpublished price sensitive information.
- d. Support staff such as IT staff or secretarial staff designated by the compliance officer on the basis of their functional role or access to unpublished price sensitive information in the organization.

**2.2. Query 2:** What happens when relatives of DPs refuse to share their PAN nos. and other details, as required under the amended PIT Regulations on the following grounds: Individuals who are totally independent- financially, situationally and socially (only technically falling in the category of relatives) cannot be compelled by the DPs of a company to mandatorily share their personal data viz., PAN, demat account, cell nos. etc. In particular, the following relatives can by no stretch of imagination be compelled:

- a. Sibling of the connected person and siblings of its spouse (brothers and sisters of the connected person and brother and sisters of his/her spouse- isn't the relationship being extended too far?)
- b. Child of the connected person and child of its spouse (does this refer to children of previous marriage of either of the spouses?)
- c. Spouse of the connected person listed at sub-clause (iii) (does this refer to the spouses of the brothers and sisters of the connected person?)
- d. Spouse of the connected person listed at sub clause (iv) (does this refer to the daughter/ son in laws?)

**2.3. Query 3:** Are all connected persons and their relatives to be considered as Designated Persons?

**2.4. Query 4:** Should we amend our Code to cover 'persons sharing household or residence with a DP and 'a firm or its partner or its employee in which a DP is also a partner'?

3. We have considered the submissions made by you in your letter and without necessarily agreeing with your analysis, our view on the queries raised in your letter are as under:

3.1. With respect to query 1, attention is drawn to regulation 9(1) and 9(2) of PIT Regulations which reads as under:

*“Code of Conduct.*

*9.(1) The board of directors of every listed company and the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or managing director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B (in case of a listed company) and Schedule C (in case of an intermediary) to these regulations, without diluting the provisions of these regulations in any manner.*

*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 intermediary registered with SEBI is mandatorily required to formulate a code of conduct governing trading by designated persons and their immediate relatives. The standards set out in the schedules are required to be addressed by such code of conduct.*

*(2) 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 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: 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."*

Reference is also made to clause 3 of Schedule B of the PIT Regulations which reads as under:

*"Designated Persons and immediate relatives of designated persons in the organization shall be governed by an internal code of conduct governing dealing in securities"*

From the above, it may be inferred that the internal code of conduct is applicable to designated persons and their immediate relatives which *inter alia* requires the designated persons to disclose names, Permanent Account Number and mobile numbers of specified persons including the immediate relatives of DPs.

It is pertinent to mention that no change has been made in the definition of "immediate relative" under regulation 2(1)(f) of PIT Regulations, vide the Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024. Further, the Board Memorandum containing the proposal to include "relative" instead of "immediate relative" as one of the categories of persons that are deemed to be connected persons in the regulation 2(1)(d)(ii)(a), notes as follows:



*“3.5 The definition of relative is being introduced only for the limited purpose of establishing insider trading during the course of investigation and no additional requirements of disclosures are prescribed through the proposed amendments.*

...

*3.7 In order to ensure that there is no increase in compliance requirements, no change in the definition of “immediate relative” under regulation 2(1)(f) of PIT Regulations is proposed. Consequently, the current requirement for disclosures of trades of ‘immediate relative’ by promoters/ directors/ designated persons under PIT Regulations will continue as it is.”*

Thus, it may be stated that no additional obligations have been cast on the listed company/ intermediary/ fiduciary with regard to disclosure requirements, trading window restrictions for relatives of DPs, vide the said amendments. In view of the same, the scope of applicability of Code of Conduct (‘CoC’) remains the same i.e. CoC is applicable to DPs and their immediate relatives.

3.2. With respect to Query 2, it may be noted that in terms of clause 14 of Schedule B read with regulation 9 of PIT Regulations, the designated persons are required to disclose names and PAN along with phone, mobile and cell numbers of the immediate relatives (as defined in regulation 2(1)(f)) that is the spouse of the person, and includes the 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. Therefore, the designated person is not obligated under the PIT Regulations to disclose the details of the ‘relatives’ who are financially, situationally and socially independent of the designated person.

3.3. Since the queries raised at 3 and 4 are inter-connected, the same are dealt herein below:

3.3.1. In terms of regulation 9(4) of PIT Regulations, the board of directors or such other analogous authority shall specify the designated persons based on their role and function in the organization and the access that such role and function would provide to unpublished price sensitive information in addition

to seniority and professional designation, in consultation with the compliance officer. Therefore, the board of directors or such other analogous authority may be guided by regulation 9(4) of PIT Regulations for identification of designated persons.

4. The above position is specific and based on the information furnished in your letter under reference. Different facts or conditions may entail a different interpretation. Further, this letter does not express the decision of the Board on the queries referred in your letter.
5. It may also be noted that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to the PIT Regulations and do not affect the requirements or applicability of any of the provisions of law including the Securities and Exchange Board of India Act, 1992 and the Rules, Regulations, Guidelines or Circulars framed thereunder that are administered by the Securities and Exchange Board of India or of the laws administered by any other authority.

Yours faithfully,

  
A Vijayan  
10/3/25

