

Providing flexibility in Provisions relating to ‘Trading Plans’ – Amendments to SEBI (Prohibition of Insider Trading) Regulations, 2015

1. Objective

- 1.1. This memorandum seeks approval of the Board to amend provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“**PIT Regulations, 2015**” or “**PIT**”) to provide flexibility in provisions relating to ‘Trading Plans’ for insiders.

2. Background

- 2.1. Insider trading, i.e. trading when in possession of Unpublished Price Sensitive Information (UPSI) (i.e. information which, if published, could have impacted the price of securities being traded in the market) is prohibited in India under the PIT Regulations, 2015. The prohibition on insider trading is based on the premise that trading in a security by an insider would be influenced by the UPSI in their possession, and that there is asymmetry of information since the UPSI is not available to others in the market.
- 2.2. **Insiders perpetually holding UPSI:** Amongst the insiders, certain insiders like senior management or key managerial personnel (“KMP”), have a very small window for carrying out their trades, due to being in possession of UPSI most of the time, coupled with mandatory trading window closures for financial results. However, these insiders may need to trade for bonafide purposes such as creeping acquisitions, compliance with minimum public shareholding norms, disposing off shares acquired through exercising stock options, etc. But by virtue of perpetually holding UPSI they may find it difficult to do so. Hence, PIT Regulations, 2015 have the concept of ‘Trading Plans’ (hereinafter also referred as ‘**TP**’) to enable such persons to trade in securities in a compliant manner.

3. Need for review of Trading Plan framework:

- 3.1. The High Level Committee to review the SEBI (PIT) Regulations, 1992 under the Chairmanship of Sh. N K Sodhi, Former Chief Justice, while proposing introduction of trading plans in PIT Regulations, 2015 in its Report dated December 7, 2013, had stated that, “...**upon review of empirical evidence and feedback after the concept is introduced, it would always be open to**

SEBI to dilute or enhance the regulatory conditions attached to trading plans under the Proposed Regulations.”

3.2. Since the introduction of TPs in PIT Regulations, 2015, data (For details refer Annexure A para 1.2) and market feedback suggest that the current regulatory requirements in respect of TPs are onerous and consequently, TPs are not very popular.

4. Constitution of Working Group (“WG”) to review the provisions of trading plans in the PIT Regulations, 2015 and its Report

4.1. It was decided to review the provisions of trading plans in the PIT Regulations, 2015 under the guidance of a working group comprising of officials of SEBI, Stock Exchanges and market participants. The WG submitted its report to SEBI (**Annexure A**) on September 15, 2023 recommending certain amendments to PIT Regulations, 2015.

4.2. A sample trading plan based on the recommendations of the WG is given below:

Table 1: Sample Trading Plan as per recommendations of WG

<ul style="list-style-type: none"> Date of submission: 31.08.2023 Period of Trading Plan From (120 calendar days after submission): 01.01.2024 To (minimum 60 calendar days and for any maximum period) Closing Price on the day before submission of TP: Rs. 100/- (30.08.2023) 						
(1) From*	(2) To*	(3) Transaction*	(4) Nature of trade*	(5) No. of shares*	(6) Value of shares*	(7) Price Limit of Buy/Sell
(upto 5 consecutive trading days)		(Buy/Sell)	(On market/ off market)			(upto 20% of Closing price before TP submission)
01.01.2024	05.01.2024	Buy	On Market	200	Not given as no. of shares filled	Insider can input any price limit b/w 100 & 120, say Rs 110. Insider has to compulsorily buy, if the prevalent market price is Rs 110 or below. Insider will not execute trade if the prevalent price is above Rs 110. Or

						Insider can choose not to fill any price limit
08.01.2024	12.01.2024	Sell	On Market	200		Insider can input any price limit b/w 80 & 100, say Rs 90. Insider has to compulsorily sell if the prevalent market price is Rs 90 or above. Insider will not execute trade if the prevalent price is below Rs 90. Or Insider can choose not to fill any price limit
15.01.2024	19.01.2024	Buy	On Market	200		NIL As Insider can choose not to fill any price limit
		OR				
		Buy	On Market	Not given as value filled	Rs. 20,000	NIL As Insider can choose not to fill any price limit
* Mandatory field						

4.2.1. As per the WG recommendations (illustrated in the sample TP in table above), it would be mandatory for the insider to mention the following:

4.2.1.1. Specific date or time period not exceeding 5 consecutive trading days **(Column 1 & 2)**;

4.2.1.2. nature of the trade **(Column 3 & 4)**;

4.2.1.3. either the value of trade or the number of securities **(Column 5 & 6)**.

4.2.2. In addition to the above, for protection from adverse price fluctuations, the insider (at the time of formulation of TP) would have the option to mention price limit **(Column 7)** beyond which they do not prefer to trade. The limit proposed is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range up to 20% vis-à-vis the price of the scrip at the time of formulation of TP. Thus, according to the proposed provisions the insider would have 2 alternatives:

4.2.2.1. **Not mention price limit in TP:** Insider would have to execute all trades under TP even if trades are economically unviable as prices may have gone up (in case of buy) or down (in case of sell) as compared to the price at time of TP submission.

4.2.2.2. **Mention Price limit in TP:** For TP in above table if insider mentions price limit of upto 10% for buy trade of 200 shares between 01.01.2024 to 05.01.2024. In this case, if the prevalent market price is Rs. 110 or below insider has to compulsorily buy and if price during this period is more than Rs. 110, then insider shall not execute the trade. For another trade, insider mentions price limit of upto 10% for sell trade between 08.01.2024 to 12.01.2024. In this case, if the prevalent market price is Rs. 90 or above insider has to compulsorily sell and if price during this period is less than Rs. 90, then insider shall not execute the trade.

5. Public Consultation on the Report of the WG

5.1. SEBI issued a Consultation Paper (**Annexure B**) on November 24, 2023 seeking public comments on the WG Report. SEBI received responses from 25 persons / entities including listed entities, law firms, industry associations, institutions and professionals.

6. Deliberations with WG on public feedback

6.1. The public feedback received was shared with the WG for their comments. A meeting of the WG was held on February 13, 2024 with respondents who had provided feedback requiring further deliberation. Based on the public feedback and above discussion, appropriate changes have been incorporated in the proposed amendments.

7. Proposals of the WG, public comments in brief, our analysis thereon and recommendations are summarized in the following paras.

8. Reduce Cool off Period before Commencement of Trading Plan

8.1. Proposal of WG and Summary of public comments

Table 2: Summary of feedback on Proposal

Proposal	Agree/No comments	Suggested Modification	Disagree
Reduce the cool-off period of TPs to four (4) months from the existing six (6) months in Regn. 5(2)(i) For Details refer Annexure A Para 3.2 (pg. 9)	17	8	0

8.2. Analysis of the public comments

8.2.1. **Specify cool-off period in days instead of months:** Suggestion was to specify cool off period as 120 days instead of 4 months, to address the ambiguity arising from varying number of days in different months. The suggestion has been accepted and hence, it is proposed to reduce the cool-off period to 120 calendar days from the existing 6 months.

8.2.2. **Keep a shorter cool-off period:** Suggestions were received to a) keep a shorter cool-off period of 3 months or 2 months or any other shorter duration; and b) have variable cool-off periods (longer for director/CEO level and shorter for all other designated employees).

8.2.2.1. It is submitted that cool-off period should be adequate enough for most UPSI to become generally available. Companies are required to declare financial results quarterly and it is seen that most companies do so within a month from the end of the quarter. Hence, a minimum period of four (4) months is necessary for short term UPSI to become generally available. Other short term UPSI such as dividends, change in KMP, etc. are also expected to become generally available in a four-month period.

8.2.2.2. Alternatives for a shorter cool-off period than 4 months have already been considered by the WG and they concluded that 4 months is a reasonable period for most UPSI to become generally available and hence, the suggestion cannot be accepted.

8.2.3. **Empower Compliance Officers to determine the cool-off period:**

8.2.3.1. It was suggested to empower the Compliance Officers to determine the cool-off period as he / she deems fit and appropriate.

8.2.3.2. To ensure uniformity in the approach adopted by different compliance officers and to avoid arbitrariness the suggestion cannot be accepted.

8.3. **Recommendation**

8.3.1. In view of the above, it is proposed to amend provisions of clause (i) of sub-regulation (2) of regulation 5 of PIT Regulations, 2015 to reduce the cool-off period, prior to the commencement of execution of the TP to 120 calendar days from the current requirement of six (6) months.

9. Reducing the Minimum Tenure of Trading Plan

9.1. Proposal of WG and Summary of public comments

Table 3: Proposal and Summary of feedback

Proposal	Agree/No comments	Suggested Modification	Disagree
Reduce the minimum tenure of execution period of the TP to two (2) months from the existing twelve (12) months in Regn. 5 (2) (iii) For Details refer Annexure A Para 3.3 (pg. 12)	24	1	0

9.2. Analysis

9.2.1. A respondent suggested to keep the minimum tenure of TP to 3 months. It is submitted that 2 months is the minimum tenure of a TP and the insider would be free to choose a longer tenure for the TP. Hence, the suggestion is already addressed by the proposed changes.

9.2.2. It is also submitted that in view of the earlier recommendation to specify the period in number of calendar days, the minimum tenure may also be specified similarly in calendar days.

9.3. Recommendation

9.3.1. In view of the above, it is proposed to amend provisions of clause (iii) of sub-regulation (2) of regulation 5 of PIT Regulations, 2015 to reduce the minimum tenure of execution period of the TP to 60 calendar days from the current requirement of twelve (12) months.

10. Removal of Black-out Period

10.1. Proposal of WG and Summary of public comments

Table 4: Proposal and Summary of feedback

Proposal	Agree/No comments	Suggested Modification	Disagree
Delete Reg. 5 (2) (ii) to remove the black-out period for trading between the twentieth trading day prior to the last date of a financial period for which results are to be announced and until the second trading day after the disclosure of the results For Details refer Annexure A Para 3.4 (pg. 13)	21	3	1

10.2. Analysis

- 10.2.1. **Black-out period should not be removed:** A respondent suggested that removal of black out period may lead to more insider trading and financial results are crucial UPSI to deal with. The opportunity to trade during blackout period may give chance to the insider to take advantage of UPSI in their possession.
- 10.2.2. **Keep a reduced black-out period:** Respondent suggested to keep blackout period starting from 7 trading days prior to the Board Meeting till the second trading day after the disclosure of the results.
- 10.2.2.1. The respondent stated that in most companies the annual calendar for Board Meetings (i.e. quarterly results) is finalised well in advance and the insiders are aware of the said dates. Keeping black-out period starting from 7 trading days prior to the Board Meeting till the second trading day after the disclosure of the result (instead of completely doing away with it) will also ensure that trades under the TP are not timed too close to the declaration of results.
- 10.2.3. It is submitted that in the proposed regime it is not necessary to mandate black-out period due to the following reasons:
- 10.2.3.1. **Trading window norms do not apply to TP:** W.e.f. April 01, 2019 trades as per an approved TP are exempted from trading window norms [Second Proviso to Reg. 5(3)]. That is, trades as per an approved TP can also be carried out when the trading window is closed due to a prevailing UPSI. Hence, by extension, similar exemption should also apply for financial results (as it is also UPSI).
- 10.2.3.2. **Minimum tenure of TP is proposed to be 2 months** - If blackout period is retained, it will restrict trades in TP for nearly 1 month (i.e. end of quarter to announcement of financial results) out of minimum tenure of 2 months.
- 10.2.3.3. **Safeguards in Regulation to prevent misuse of TP:** There exist several safeguards in PIT Regulations, 2015 to prevent misuse of TP, such as:

10.2.3.3.1. TP cannot commence till UPSI (which was in the possession of the insider while formulating TP) becomes generally available [proviso to Reg. 5(4)]

10.2.3.3.2. Compliance Officer is obligated to review TP to assess whether TP would result in potential violation. [Reg. 5(3)]

10.2.3.3.3. Compliance Officer is entitled to seek undertakings to assess, approve and monitor the implementation of TP. [Reg. 5(3)]

10.3. Recommendation

10.3.1. In view of the above, it is proposed to delete clause (ii) of sub-regulation (2) of regulation 5 of PIT Regulations, 2015 that provides for black-out period for trading between the twentieth trading day prior to the last day of a financial period for which results are to be announced and until the second trading day after the disclosure of the results.

11. Option to Insider to Specify Price Limit for Protection from Adverse Price Fluctuation

11.1. Proposal of WG and Summary of public comments

Table 5: Proposal and Summary of feedback

Proposal	Agree/No comments	Suggested Modification	Disagree
Give an option to the insider to indicate price limit in TP beyond which they do not prefer to trade For Details refer Annexure A Para 3.5 (pg. 15)	21	4	0
Stipulate price limit based on fixed percentage threshold of 20% of current market price (at the time of formulation of TP) For Details refer Annexure A Para 3.5 (pg. 15)	18	7	0

11.2. Analysis

11.2.1. Adjustments for corporate actions:

11.2.1.1. Respondents have sought clarity on adjustments to price limits for Corporate Actions, if any, occurring during the period from formulation of TP to actual trade.

11.2.1.2. The issue was discussed with the WG and respondents, the details of which are as follows:

11.2.1.2.1. Corporate actions such as dividend, stock split, bonus issue, rights issue, buyback, etc. potentially impact share price. Rights entitlements are tradeable and accordingly taken care off. However, for other corporate actions it was concluded that, except for bonus and split, the effect of remaining corporate actions is hard to be factored-in on the price easily, using any universally applicable formula.

11.2.1.2.2. Further, the proposed price limit of upto 20% is reasonably adequate to absorb the effects of corporate actions such as dividend, buyback, etc. Also, while devising the TP, insider can opt to not mention any price limit if they anticipate a higher fluctuation in the price of scrip.

11.2.1.2.3. Accordingly, it was concluded that where a corporate action related to bonus issue and stock split occurs after the submission of TP, regulations should allow insider to make proportionate adjustments in the number of securities to be bought/sold and price limit, while implementing TP.

11.2.1.3. In view of the foregoing, the suggestion is partially accepted for corporate actions related to bonus issue and stock split occurring after the submission of TP.

11.2.2. **Keep a wider threshold limit**

11.2.2.1. Respondents suggested to keep a wider threshold (25-35%) than the proposed 20% citing reason that 20% is too narrow to cover recent market volatility. Other suggestion was to prescribe industry- wise price limits (percentage) and which could be reviewed from time to time.

11.2.2.2. W.r.t prescribing any limit higher than 20%, it is submitted that the insider may mention unrealistically high price as limit for their trades to signal to the market participants that the insider expects prices to go up or come down to these levels in future, which is not in the interest of market integrity.

11.2.2.3. W.r.t prescribing industry-wise price limits (percentage), it is submitted that industry performance or sectoral trends may not have uniform impact on share prices of different companies within that industry/sector. Hence, the proposal cannot be accepted. Also, prescribing multiple thresholds would increase complexity and create confusion.

11.2.2.4. Threshold of 20% provides sufficient leeway to the insider to protect their proposed trade from adverse price fluctuation. Further, if insider anticipates price fluctuation higher than 20%, insider can opt to not mention any price limit, while devising the TP.

11.2.2.5. In view of the foregoing the suggestion is not accepted.

11.2.3. Apprehension that disclosure of price limit may give false signal to market:

11.2.3.1. A respondent suggested that insider may use price limits disclosed in TP to send false signals to the market which is not in the interest of market integrity.

11.2.3.2. It is submitted that in the proposed framework, the price limits prescribed are floor/ceiling for sell/buy trades respectively that is aimed to protect the insider from extremely adverse price fluctuations. i.e. when insider wishes to sell, in case of price unexpectedly moving downward, insider's loss will be limited upto 20% vis-à-vis the price at the time of formulation of TP. Alternately, when insider wishes to buy, in case of price unexpectedly moving upward, insider's notional loss will be limited upto 20% vis-à-vis the price at the time of formulation of TP, if he has set a 20% limit. Thus, the issue of signalling of price would not be possible with such loss protection limits.

11.2.3.3. Hence, the suggestion does not warrant any change to the proposals.

11.3. Recommendation

11.3.1. In view of the above, it is proposed to amend provisions of clause (v) of sub-regulation (2) of regulation 5 of PIT Regulations, 2015 to include provision for insider to opt for a price limit, that is an upper price limit for a

buy trade and a lower price limit for a sell trade, subject to the range up to 20% vis-à-vis the price of the scrip at the time of formulation of TP.

12. Date or Interval during which Trade Execution will take place

12.1. Proposal of WG and Summary of public comments

Table 6: Proposal and Summary of feedback

Proposal	Agree/No comments	Suggested Modification	Disagree
<p>Insiders to specify short 'time periods' of 5 consecutive trading days within which specified trading quantity/ value/ price have to be mentioned for execution.</p> <p>For Details refer Annexure A Para 3.6 (pg. 18)</p>	17	6	2

12.2. Analysis

12.2.1. Not have any time period or allow a larger time period than 5 days:

12.2.1.1. Two respondents disagreed with the proposal stating that a 5-day period will restrict the insider to execute trades and increase complexity without clear benefits.

12.2.1.2. Other respondents suggested not to limit trading period to 5 consecutive trading days but to allow a window of 10 or 15 days for trade execution or anytime during TP duration. The rationale for the various suggestions being that a 5-day period will make TPs less attractive and discourage insiders from using TPs.

12.2.1.3. It is submitted that currently there is no cap on the 'time period' ('interval') for carrying out trades. In fact, some TPs specify the entire duration of TP as time period for execution of trade e.g. TP may mention that sell 10,000 shares during 1-Jan-2024 to 30-Jun-2024. Therefore, WG had recommended specifying a 5-day period.

12.2.1.4. The proposed framework allows the insider to split their trades across multiple 5 day periods within the same TP, in case they intend to trade larger quantities. This addresses the potential issue of inadequate liquidity where insider intends to trade large quantities.

12.2.1.5. If longer time periods within a TP are permitted, trade can be influenced by UPSI which might have come into their possession subsequent to the formulation of TP ('UPSI_{New}'). Hence, to prevent misuse of TP, it is necessary to ensure that insiders do not have discretion on the time of execution.

12.2.1.6. In view of the foregoing, the suggestion to allow a larger time period than 5 consecutive trading days cannot be accepted.

12.3. Recommendation

12.3.1. In view of the above, it is proposed to amend provisions of clause (v) of sub-regulation (2) of regulation 5 of PIT Regulations, 2015 to include provision for insiders to specify short 'time periods' of 5 consecutive trading days within which trading quantity/ value/ price have to be mentioned for execution.

13. Irrevocability of Trading Plan

13.1. Proposal of WG and Summary of public comments

Table 7: Proposal and Summary of feedback

Proposal	Agree/No comments	Suggested Modification	Disagree
If price of the security during execution is below the lower price limit set for sell trade or higher than the upper price limit set for buy trade, then the respective trade shall not be executed. For Details refer Annexure A Para 3.7 (pg. 20)	19	6	0

13.2. Analysis

13.2.1. Revocation of trades beyond price limits should be optional for insider:

13.2.1.1. One respondent suggested that revocation should be optional for the insider if price of the security during execution is below the lower price limit set for sell trade or higher than the upper price limit set for buy trade.

13.2.1.2. It is submitted that there is a risk that decision of the insider to revoke or go ahead with the trade can be influenced by UPSI

which might have come into their possession subsequent to the formulation of TP ('UPSI_{New}'). Hence, to prevent misuse of TP, it is necessary to ensure that insiders do not have discretion at the time of execution and that their decision to revoke or continue with the trade are not influenced by UPSI_{New}. Thus, the suggestion cannot be accepted.

13.2.2. Exceptions to implementation of TP:

13.2.2.1. A few respondents suggested that certain exceptions be provided to an insider and its relatives to revoke the TP in case of exigencies such as death, disability, bankruptcy, or black swan events of a similar nature, hospitalization, wedding in the family, sale / purchase of securities on account of a legal requirement / order / direction, etc.

13.2.2.2. The issue was discussed in detail with WG and the respondents. It was decided that certain exceptions may be allowed in cases of permanent incapacity or bankruptcy or operation of law or death of insider.

13.2.2.3. In case of death of insider, the TP would lapse automatically. The same will be clarified through FAQs on PIT Regulations, 2015. All the other reasons listed in previous para are beyond the control of the insider and hence it was decided that deviation can be permitted in these exceptional circumstances that occur in the period between the formulation of the TP and its planned date of execution. That is, insider is allowed to not implement the TP either partially or fully.

13.2.3. Introduce procedural mechanism to intimate non-implementation (full/partial) of TP:

13.2.3.1. Respondent submitted that currently there does not exist any procedural mechanism to intimate non-implementation (full/partial) of the TP.

13.2.3.2. The feedback was discussed with the WG. It was decided that such a procedure should be prescribed for any non-implementation

(full/partial) of the TP as discussed in previous para. In addition, the intimation for non-implementation because of market related reasons beyond the control of the insider such as failure of execution of trade due to inadequate liquidity in the scrip should also be done as per said procedure. Further, it was suggested by WG that intimation of non-implementation (full/partial) should be reported, through the Compliance Officer, to one level higher than Compliance Officer i.e. Audit Committee in line with provisions of Reg. 9A of PIT which mandates the Audit Committee to review compliance with PIT Regulations. The procedure at **Annexure C** is recommended to intimate non-implementation (full/partial) of the TP.

13.3. Recommendation

13.3.1. In view of the above, it is proposed to make the following amendments:

13.3.1.1. Amend sub-regulation (4) of regulation 5 of PIT Regulations, 2015 to include provision for certain exceptions to deviate from an approved TP in circumstances beyond the control of the insider viz. permanent incapacity or bankruptcy or operation of law.

13.3.1.2. Insert new proviso (second proviso) to sub-regulation (4) of regulation 5 of PIT Regulations, 2015 to address the scenario, where the insider has set a price limit for a trade and due to adverse fluctuation in market prices, if the price of the security is outside the price limit set by the insider, the trade shall not be executed.

13.3.1.3. Insert new proviso (third proviso) to sub-regulation (4) of regulation 5 of PIT Regulations, 2015 to prescribe procedure set out at **Annexure C** in case of non-implementation (full/partial) of trading plan, due to reasons enumerated in sub-regulation 4 and failure of execution of trade due to inadequate liquidity in the scrip.

14. Removal of Exemption from Contra-Trade Provisions

14.1. Proposal of WG and Summary of public comments

Table 8: Proposal and Summary of feedback

Proposal	Agree/No comments	Suggested Modification	Disagree
Omit the exemption for trades executed under Trading Plan from applicability of contra-trade restrictions [2 nd Proviso Regn. 5(3)] For Details refer Annexure A Para 3.8 (pg. 23)	15	0	10

14.2. Analysis

14.2.1. Retain exemption for TPs from applicability of contra-trade provisions

14.2.1.1. Respondents suggested to retain the exemption currently available for trades under TP from applicability of contra-trade restrictions. The rationale for the suggestion being that contra-trade restrictions should not effectively serve as a black-out period for an insider.

14.2.1.2. It is not appropriate to provide exemption from contra trade (opposite trades within 6 months) restriction because of following reasons:

14.2.1.2.1. The purpose of trading plan is not to speculate but rather to facilitate the insider in possession of UPSI to buy and sell in a compliant manner. Thus, there are restrictions of contra-trade under PIT regulations that disallow insider to take an opposite view within short span of time.

14.2.1.2.2. The minimum plan period of 18 months (6 months cool-off and 12 months plan) is being reduced to 6 months (4 months cool-off and 2 months plan).

14.2.1.3. In view of the foregoing, the suggestion cannot be accepted.

14.2.2. Provide contra trade for emergencies

14.2.2.1. A respondent suggested that provision should be incorporated to allow contra trade for emergencies and Compliance Officer be empowered to grant relaxation after recording the reasons.

14.2.2.2. It is submitted that in circumstances beyond the control of the insider, recommendation at para 13.3.1.1 already proposes exceptions to deviate from an approved TP.

14.2.2.3. Further, the Compliance Officer is empowered to grant relaxation from strict application of contra trade restrictions for reasons to be recorded in writing provided that such relaxation does not violate these regulations [Sch B Clause 4(10) of Code of Conduct read with Reg. 9 (1)].

14.2.3. Clarification on applicability of contra-trade restrictions across TPs

14.2.3.1. A respondent suggested that a clarificatory /explanatory note be inserted to the effect that the contra-trade restrictions shall also apply to trades executed under 2 separate TPs.

14.2.3.2. The suggestion of the respondent is accepted and clarification will be provided through updated Frequently Asked Questions (FAQs) on PIT Regulations, 2015.

14.3. Recommendation

14.3.1.1. In view of the above, it is proposed to amend second proviso of sub-regulation (3) of regulation 5 of PIT Regulations, 2015 to remove exemption from restrictions on contra trade for trades carried out in accordance with TP.

15. Disclosure of Trading Plan

15.1. Proposal of WG and Summary of public comments

Table 9: Proposal and Summary of feedback

Public Disclosure of TP For Details refer Annexure A Para 3.9 (pg. 25) & Annexure B Para 5	Agree/No comments	Suggested Modification	Neutral b/w Alternatives	Disagree
Proposal to prescribe format for disclosing details in TP	23	2	NA	0
Proposal to stipulate time of 2 days for the disclosure of approved TP to stock exchange [Regn.5(5)]	20	5	NA	0
Alternative 1: Mask personal details (Name, Designation) of Insider in the TP	2	1	8	0
Alternative 2: Continue existing manner of disclosure with personal details (Name, Designation) of Insider in the TP	2	NA		

<p>Alternative 3: Make two separate disclosures of TP –</p> <p>(a) full (confidential) disclosure of personal details to stock exchange; and (b) disclosure without personal details to public through the stock exchange</p>	12	NA		
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15.2. Analysis

15.2.1. Disclosure of personal details is more transparent:

15.2.1.1. Respondents preferring Alternative 2 i.e. existing manner of disclosure with personal details (Name, Designation) of Insider in the TP suggest that it is more transparent.

15.2.1.2. In this regard it is submitted that though disclosing all details is more transparent, information of personal nature does not provide additional insight to the market on the impact on price. Also, the quantity, price, etc. would be fully disclosed and this information is adequate for the market to absorb the news and draw appropriate conclusions.

15.2.2. Disclose only category of Insider to public:

15.2.2.1. Respondent suggested that no personal information may be disclosed except the category such as promoter/non-promoter/KMP, etc.

15.2.2.2. Since it is proposed to relax the current requirement of public disclosure of personal details of insider (Name, Designation), it is necessary that the category of insider should be disclosed. Hence, the suggestion may be accepted.

15.2.3. Make two (2) separate disclosures of TP (Alternative 3):

15.2.3.1. More than half of the respondents preferred Alternative 3 for public disclosure of TP, i.e. (a) full (confidential) disclosure of personal details to stock exchange; and (b) disclosure without personal details to public through the stock exchange. Thus, it is proposed that Alternative 3 may be accepted for public disclosure of TP.

15.2.3.2. W.r.t mode of disclosure, feedback was received that the TP can be submitted in XML/XBRL format to the website of stock exchanges as is being presently done by companies for several other disclosures made to stock exchanges. The Stock Exchanges as part of the WG also agreed with the public feedback. It is submitted that, XML/XBRL mode offers ease in submission (including masking of information) and publication of information. Adopting XML/XBRL mode would enable companies to submit complete TP to the stock exchanges and the TP (without personal details) would automatically be published on website of stock exchanges. Thus, companies would be able to make disclosures as per Alternative 3 at once instead of making 2 separate disclosures. Hence, the feedback may be accepted.

15.2.4. Stipulate time of 2 days for the approval/rejection of TP by Compliance Officer:

15.2.4.1. It was suggested that timeline of 2 days be prescribed for approval of a TP by the Compliance Officer.

15.2.4.2. The suggestion was discussed with the WG and it was decided that for better clarity, time of 2 (two) trading days should be prescribed for the Compliance Officer to approve or reject TP.

15.2.4.3. As regards the notification of the approved TP to the stock exchanges on which the securities are listed, it was decided that the approved TP should be notified to the stock exchanges on the same day of the approval of TP.

15.3. Recommendation

15.3.1. It is proposed that Alternative 3 (as given in Table 9) may be accepted for public disclosure of TP.

15.3.2. It is proposed to amend proviso of sub-regulation (5) of regulation 5 of PIT Regulations, 2015 to prescribe time of 2 (two) trading days for approval or rejection of a TP by the Compliance Officer and for notification of the approved TP to the stock exchanges on the day of the approval.

15.3.3. Format of the TP and related procedural issues, if any, will be notified.

16. Other Issues

16.1. Issues relating to the roll out, implementation and infrastructure setup were highlighted by the WG (**Annexure D**).

16.2. Recommendation:

16.2.1. For smooth implementation of the proposed amendments, a reasonable time of 3 months may be granted. Accordingly, the proposed amendments may be made effective 3 months from the date of notification of the regulations.

16.2.2. The proposed amendments would be applicable on the Trading Plans submitted post the amendments coming into effect.

17. Proposed amendments to PIT Regulations

17.1. The proposed amendments to provisions related to Trading Plans are placed at **Annexure E**.

18. Proposal

18.1. The Board is requested to

18.1.1. consider and approve the proposals as detailed under paragraphs no. **8.3, 9.3, 10.3, 11.3, 12.3, 13.3, 14.3, 15.3, 16.2 and 17.1** above and the consequent draft amendment notification placed at **Annexure F**.

18.1.2. authorize the Chairperson to make consequential and incidental changes and take necessary steps to give effect to the decisions of the Board.

Annexure A

(Report of the Working Group is available on SEBI website)

Annexure B

(Consultation paper is available on SEBI website)

Annexure C

(This shall be notified at a later date)

1. Other Issues related to roll-out and Implementation of Proposal

1.1. Issues relating to the roll out, implementation and infrastructure setup were highlighted by the WG which are as follows:

1.1.1. **Timeline for setting-up infrastructure:** Stock Exchanges as part of the WG viz. NSE and BSE have submitted that upon approval of the proposals by SEBI, they would require about 3 months to put in place the requisite infrastructure for XBRL submission and related disclosures of TPs on the stock exchange website.

1.1.2. **Glide path for familiarization and smooth implementation:** General feedback suggests to provide guidance for reviewing TPs submitted to compliance officers for approval. Thus, it was decided that further engagement with listed companies would be helpful in smooth implementation of the amended provisions. Accordingly, a period of 3 months would be sufficient time for implementation for the proposed changes.

Annexure E

(This shall be notified at a later date)

Annexure F

(This shall be notified at a later date)