AMENDMENTS TO SEBI (PFUTP) REGULATIONS AND SEBI (PIT) REGULATIONS TO IMPLEMENT RECOMMENDATIONS OF THE COMMITTEE ON FAIR MARKET CONDUCT

1. **Objective**

1.1. This memorandum places before the Board the recommendations of the Committee on Fair Market Conduct. The recommendations include proposed amendments to SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 **(hereinafter referred to as PFUTP Regulations)** and SEBI (Prohibition of Insider Trading) Regulations, 2015 **(hereinafter referred to as PIT Regulations),** and certain other recommendations for consideration and approval by the Board. The proposed amendments to PFUTP Regulations are enclosed as **Annexure A**, and to PIT Regulations are enclosed as **Annexure B**.

2. **Background**

2.1. A fair and efficient Securities Market is one of the essential components of economic growth of a country. To ensure confidence, trust and integrity in the securities market, the regulator of the securities market needs to ensure fair market conduct in the securities market. Fair market conduct can be ensured by prohibiting, preventing, detecting and punishing such market conduct that leads to 'market abuse'. Market abuse is generally understood to include market manipulation and insider trading, and such activity erodes investor confidence and impairs economic growth

2.2. To deal with market abuse related to "market manipulation", SEBI had framed the PFUTP Regulations in 1995. These Regulations were reviewed and replaced with the PFUTP Regulations 2003 which were notified on 17th July 2003 and thereafter, amended twice in December 2012 and September 2013 respectively.

2.3. To deal with market abuse related to “insider trading”, SEBI had promulgated the PIT Regulations, 1992. The 1992 Regulations were amended in 2002 to strengthen the regulations and bring in the concept of Code of Conduct for prevention of insider trading, as well as a code for corporate disclosure practices. As part of a periodic review of Regulations and to address challenges in bringing to closure cases of Insider Trading, the entire regulations were reviewed by the Committee chaired by retired Justice Shri N.K. Sodhi and were replaced by the PIT Regulations, 2015

2.4. SEBI constituted the Committee on Fair Market Conduct under the chairmanship of Dr. T K Vishwanathan, Ex-Secretary General, Lok Sabha and Ex-Law Secretary in August 2017. The Committee was mandated to review the existing legal framework to deal with market abuse to ensure fair market conduct in the securities market. The Committee was also mandated to review the surveillance, investigation and enforcement mechanisms being undertaken by SEBI to make them more effective in protecting market integrity and the interest of investors from market abuse. The Committee comprised of representatives of stock exchanges, brokers, mutual funds, law firms, auditing firms, chambers of commerce, data analytics firms and SEBI.

2.5. The committee submitted its report to SEBI on August 08, 2018 wherein it recommended amendments to PIT Regulations, PFUTP Regulations and other recommendations including a few amendments to SEBI Act, 1992. The report is placed at **Annexure C.**

3. **Summary of the Committee Recommendations**

3.1. The recommendations of the Committee are in four chapters dealing with market manipulation and fraud, insider trading, code of conduct related to insider trading and recommendations related to surveillance, investigation and enforcement process. The key recommendations made by the Committee are as follows:

CHAPTER 1

3.2. **Market Manipulation and Fraud (PFUTP Regulations)**

Definitions of “Dealing in securities” in the PFUTP Regulations

3.2.1. Fraudulent, manipulative or unfair trade practices may be carried out with the aid and assistance of persons other than the parties who are transacting in the securities market, including intermediaries who may have contributed to such dealings. The prohibition of fraudulent and unfair trade practices is in the context of dealing in securities. Hence, the definition of ‘dealing in securities’ should also include those who assist in and indeed often orchestrate or control the dealings in securities, or those who knowingly influence the decisions to invest in securities.

Deeming Provision in the PFUTP Regulations

3.2.2. Regulation 4(2) of the PFUTP Regulations lays down specific rules that prohibit certain conduct by deeming them fraudulent activities. The Committee is of the view that SEBI should regularly update the rule-based clauses in Regulation 4(2) to keep up with changes in the securities market environment. In this context, the Committee deemed it fit to reconsider each clause under Reg. 4(2) and recommended changes to explicitly include activities such as misleading information on digital media, front running by non-intermediaries, misselling of securities and services related to securities, mis-utilisation of client account and diversion of client funds, manipulating bench mark price of securities, etc. as deemed fraudulent activities. The Committee also recommended changes aimed at ensuring that the deeming provisions have safeguards to exclude unintentional acts by including words such as ‘knowingly’ at appropriate places.

Trading beyond verifiable financial sources

3.2.3. The Committee considered the issue of front entities that lend their names or trading accounts, to others. The Committee recommended that trading done by an entity in excess of verifiable financial sources should be deemed to be fraudulent, if such trading leads to any manipulation in the price or volume of the security. However, this will be a rebuttable charge.

Expanding scope of deeming provision under PFUTP to include employees and agents of intermediaries

3.2.4. The Committee noted that often, due to lack of explicit provision in the regulations, the intermediaries alone are held responsible for any fraud. This gives scope to the employees and agents of these intermediaries to escape after indulging in fraudulent activity. Hence, the Committee was of the view that the scope of the regulations should cover market participants including employees and agents of intermediaries.

Financial Statements Fraud

3.2.5. The Committee considered the issue of financial statements fraud. It was felt that there is a need for SEBI to take direct action against perpetrators of financial fraud as such fraud has an adverse impact on not only all the shareholders of the company but also impacts the confidence of investors in the securities markets. The Committee has recommended the inclusion of a new sub-section within the SEBI Act, 1992, which would specifically prohibit devices, schemes or artifices employed for manipulating the books of accounts or financial statements of a listed company to directly or indirectly manipulate price of a listed securities or to hide the diversion, misutilization or siphoning off public issue proceeds or assets or earnings of a listed company or to be listed company.

CHAPTER 2

3.3. Insider Trading (PIT Regulations)

Aligning the SEBI Act on Insider Trading

3.3.1. The SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) deal with market abuse of insider trading. The Committee noted that Section 15G of the SEBI Act, 1992, mentions dealing in securities 'on the basis' of unpublished price sensitive information while Section 12A mentions dealing in securities 'while in possession' of unpublished price sensitive information. Hence, the Committee has recommended that Section

15G of the SEBI Act, 1992, needs to be aligned with Section 12 A of SEBI Act, 1992.

Definition of term “financial literacy”

3.3.2. The Committee has recommended the inclusion of definitions for the terms “financial literacy”, an important eligibility condition for a compliance officer, and “proposed to be listed”, a crucial factor in determining the applicability of the PIT Regulations to certain companies. Noting that all material events which are required to be disclosed as per the LODR Regulations may not necessarily be “unpublished price sensitive information” (UPSI) under the PIT Regulations, the Committee has recommended the removal of the explicit inclusion of “material events in accordance with the listing agreement” contained within the definition of UPSI.

Explanation of term “legitimate purposes” and Maintenance of Digital database to record names of persons having access to UPSI

3.3.3. Under Regulation 3(2) of the PIT Regulations, communication / procurement of UPSI is permitted when it is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. The Committee has recommended that regulation 3(2) may be amended to require the board of directors of every listed company or market participants to define their own policy / definition relating to “legitimate purposes” within the contours provided under law. Further, in order to give some illustrations of legitimate purpose, the inclusion of an explanation has been recommended. Every listed company / market participant shall be required to maintain an electronic record containing the names of person / entities with whom UPSI is shared.

Sharing of UPSI for due diligence purposes

3.3.4. The Committee noted that, during the preliminary / nascent stages of a proposed transaction, it may not be possible for the board of directors of the target listed company to opine whether such proposed transaction is in the

best interests of such target listed company. Hence, the Committee has recommended that the board of directors may instead evaluate and opine on whether the sharing of the UPSI for due diligence is in the best interests of the company.

Defences for trading while in possession of UPSI

3.3.5. The Committee has recommended certain amendments to the defences available in the PIT Regulations. The defence available for off-market inter-se transfers between promoters, who were in possession of the same UPSI, may be extended to non-promoters also provided that the possession of UPSI is not as a result of information shared for the purpose of conducting due diligence for acquisition transactions. New defences may be included for transactions carried out through the block deal window mechanism among persons possessing the same UPSI, for transactions carried out in a bona fide manner pursuant to a statutory or regulatory obligation, and for transactions undertaken pursuant to the exercise of stock options.

Trading Plan

3.3.6. The Committee noted that trading plans continue to remain unpopular as far as promoters and perpetual insiders are concerned. However, it could not arrive at a consensus on this issue and thus, agreed to continue with the current provisions, while clarifying that transactions pursuant to trading plans will not require pre-clearance and will not be subject to trading window norms and restrictions on contra trades.

CHAPTER 3

3.4. Code of Conduct under PIT Regulations

Separate Code of Conduct for Listed Companies, Market Intermediaries and fiduciaries

3.4.1. The Committee noted that the PIT Regulations currently specify a common Code of Conduct applicable to listed companies, market intermediaries and other persons who are required to handle UPSI during the course of their business operations. In order to bring clarity on the

requirements applicable to listed companies and others, the Committee has recommended that the PIT Regulations may be amended to prescribe two separate Codes of Conduct prescribing minimum standards for (1) Listed companies and (2) Market Intermediaries and fiduciaries (lawyers, analysts, advisors, accountants etc.) who are required to handle UPSI. Further, the Committee has made inter alia the following recommendations:

Definition of designated person(s) for applicability of the Code of Conduct

3.4.2. In regard to the applicability of the Code of Conduct, the Committee has recommended that it must be made applicable only to "designated person(s)". Further, the Committee has recommended the explanation to be included in the PIT Regulations for the term "designated person(s)" in the context of listed companies, market intermediaries and fiduciaries.

Inquiries by listed company for leak of UPSI

3.4.3. The Committee recommended that listed companies should initiate inquiries into any case of leak of UPSI or suspected leak of UPSI and inform SEBI promptly. The listed company should have written policies and procedures for such inquiries, which are duly approved by board of directors of the company. Listed companies should also have whistle-blower policies that make it easy for employees to report instances of leak of UPSI.

Aiding investigations on insider trading

3.4.4. The Committee noted that investigation of insider trading is a challenging task and it is not easy to establish the link between the insiders who had access to UPSI and the persons who traded making use of such UPSI. Hence, in order to facilitate investigation, the Committee has recommended mandating disclosures by designated persons of names of immediate relatives, persons with whom such designated person(s) share a material financial relationship, and persons residing at the same address for more than one year. Such information may be maintained by the company in a searchable electronic format and may be shared with SEBI when sought on case to case basis.

Institutional Responsibility

3.4.5. The committee recommended an institutional framework to ensure that the institution takes responsibility to formulate a code of conduct and put in place an effective system of internal controls to ensure compliance with the various requirements specified in the PIT Regulation to prevent insider trading. Further, the role and responsibility of the Board of Directors, CEO/MD, Audit Committee and Compliance officers have been clarified in this context. Similar proposal for was also recommended to prevent fraud or market abuse such as front running, miss-selling, unauthorized trading etc.

CHAPTER 4

3.5. Surveillance, Investigation and Enforcement

High Frequency Trading ("HFT") / Algorithmic trading ("algo trading")

3.5.1. The Committee endorsed the measures taken by exchanges regarding the approvals to be granted for algorithm and the need for assigning a unique identification number to each approved algorithm and for all orders generated by each algo to be tagged with the unique number. The Committee made recommendations on need for brokers to self-certify compliance of algorithms with specified norms/ risk checks, and implementation of "Model Risk Checks for Algorithmic / Algo Trading".

Two-tiered approach for investigation and enforcement

3.5.2. The Committee recommended a two-tiered approach for investigation and enforcement wherein sensitive cases/ new types of manipulation/ cases involving large-cap companies are proposed to be handled by designated SEBI officials in a fast-track manner, while regular cases are handled by other SEBI officials in the normal course.

Inter-regulatory Cooperation

3.5.3. The Committee recommended that SEBI sign a Memorandum of Understanding amongst the various regulatory bodies and enforcement agencies like Income Tax, EOW, RBI, ED, MCA etc. for information-sharing

and joint investigation in certain cases, to enable speedy and effective investigation of economic offences

Power to Intercept Conversation

3.5.4. The Committee recommended that SEBI may seek direct power to intercept calls and electronic communication, to collect strong evidence against repetitive offenders in cases including those of insider trading, front running or market manipulation with proper checks and balances for use of the power by necessary amendment in the relevant laws. The power sought to intercept conversation details may be equivalent to power given to other regulatory agencies, such as the Central Board of Direct Taxes, to deal with economic offences.

Whistleblower Mechanism

3.5.5. The Committee has recommended a mechanism to facilitate whistleblowers to come forward and for SEBI to have the power to grant provide immunity or levy lesser penalty on such persons who come forward with full and true disclosure of alleged violations. Suitable amendments have been suggested to the SEBI Act to enable this.

Discouraging Layering of Funds and use of Mule Accounts

3.5.6. The Committee recommended that SEBI may consider to frame rules to decide on an "affordability index" (like the CIBIL score) based on income / net worth of investor which will establish affordability of transactions. Broker may be made responsible to calculate affordability index based on supporting documents of income and /or net worth given by client. Mechanics of construction of such index may be notified by SEBI after due consultation with market participants. Based on this, a certain volume of trading would be considered normal. If exceeding the specified volume upto the next prescribed level, broker may be required to enhance diligence. If the trading volume is even higher than that prescribed level, the account

would be suspected to be a mule account. This would be rebuttable by submitting appropriate documents.

Structured library of orders passed by SEBI, SAT and Courts.

3.5.7. SEBI may consider to create a structured library of orders passed by SEBI, the Securities Appellate Tribunal and courts. This facility, alongwith data mining and analytical tools, will be useful reference at the time of evidence collection at investigation stage, and may be used for reference while passing orders as well as for policy review. SEBI may consider hiring a vendor or may create its own customized package for creating a structured library of orders.

4. **Public Comments**

4.1. The report of the Committee was placed on SEBI website on Aug 09, 2018 for seeking public comments till Aug 27, 2018.

4.2. Comments have been received from the following 14 entities
"Names have been excised for reasons of confidentiality"

1.	.	8.	.
2.	.	9.	.
3.	.	10.	.
4.	.	11.	.
5.	.	12.	.
6.	..	13.	.
7.	.	14.	.

4.3. The comments received were analysed. Analysis of the comments along with SEBI comments and suggestions accepted is placed at **Annexure D**.

5. **Analysis of Public Comments and Key Proposals**

5.1. **Trading beyond verifiable financial sources / Affordability index**

5.1.1. The Committee recommended that SEBI may consider the following -

(a) Rules may be framed to decide on an "affordability index" (like the CIBIL score) based on income / net worth of investor which will establish affordability of transactions.

(b) Broker may be made responsible to calculate affordability index based on supporting documents of income and /or net worth given by client. Mechanics of construction of such index may be notified by SEBI after due consultation with market participants.

(c) Based on this, a certain volume of trading would be considered normal. If exceeding the specified volume upto the next prescribed level, broker may be required to undertake enhanced diligence. If the trading volume is even higher than that prescribed level, the account would be suspected to be a mule account.

(d) This would be rebuttable by submitting appropriate documents.

(e) Appropriate amendments are recommended in the PFUTP regulations as new Regulation 4(2)(u)

5.1.2. 6 of the 14 entities have commented to drop this recommendation on account of following concerns:

(a) Trading and exposure limits in our markets are based on margins and not on networth, The margining based system has stood the system of time.

(b) Investors may not be forthcoming to share complete income/asset/networth details with brokers on account of privacy concerns

(c) Third party companies, similar to Credit Information Companies such as CIBIL/ Experian for RBI regulated entities should be creating the "affordability index" and not Trading Members themselves.

(d) Collecting financial documents on a periodical basis will significantly increase compliance costs for brokers.

(e) Adhering to additional procedures for confirming eligibility to trade could discourage genuine participants from trading and could impact the number of investors in equity markets.

(f) Farmers and stakeholders from the unorganized sector in commodities value chain may not have sufficient records to construct a score credible enough to reflect their financial capabilities.

(g) Several media articles also discussed this issue and cautioned about regulatory overreach.

5.1.3. The Committee did not recommend to prohibit or limit trading by any person based on his/her income / net worth. The concept of affordability index was to have enhanced due diligence by market intermediaries in case of trading beyond specified limits ("affordability index") to prevent the use of mule accounts for carrying out fraudulent transactions or insider trading.

5.1.4. If the trading volume by any person is substantially higher than affordability index, then such trading account would be suspected to be a mule account, possibly used for manipulation of price or volume of securities or for insider trading. However, this suspicion of a mule account would be an input for investigation and not a conclusive factor. This would be rebuttable by submitting appropriate documents before the investigating authority.

5.1.5. The Committee therefore recommended to add a new deeming provision in Regulation 4(2) of the PFUTP Regulation which shall deem as fraudulent, dealing or causing to deal in securities by deploying such quantum of funds which are in excess of the verifiable financial sources of the person dealing in securities with the intention of causing manipulation in the price or volume of a security.

5.1.6. Upon examination of the matter, it is proposed that:

(a) Committee recommendation on aforesaid deeming provision for trading beyond verifiable financial sources may be extended to cover intention to deal in fraudulent or unfair manner, apart from manipulation of price and volume of securities.

(b) The recommendation on verifiable financial sources/ affordability index of clients may be discussed with stakeholders and proposed guidelines on the same may be framed and put up separately for consideration of the Board.

5.2. **Disclosures for aiding investigation**

5.2.1. The Committee noted that investigation of insider trading is a challenging task and it is not easily possible to establish the link between the insiders who had access to UPSI and the persons who traded making use of such UPSI. Hence, mechanisms need to be built to enable establishment of such connections in case there is suspicion of insider trading. The Committee recommend the following disclosures as part of Minimum Standards for Code of Conduct under the PIT Regulations:

(a) Designated persons shall be required to disclose name and PAN number or equivalent identification of the following to the listed company/ market intermediaries/ fiduciaries on an annual basis and as and when the information changes:

- Immediate relatives
- persons with whom such designated person(s) share a material financial relationship
- persons residing at the same address as the designated persons for a consecutive period of more than one year
- Phone / mobile /cell numbers which are accessible by them or whose billing address is residence address of the designated person.

(b) In addition, names of educations institutions from which designated persons have graduated from and names of their past employers shall also be disclosed on a one time basis

5.2.2. 7 of the 14 entities have commented to drop this recommendation on account of following concerns:

(a) Collection of such data is a herculean task being placed on the listed companies and even if any listed company manage to implement a mechanism for the same, the accuracy, updation and effectiveness of the same is questionable.
(b) The maintenance of confidentiality of such personal data may also give rise to data security and related concerns
(c) Collecting PAN and personal contact details would lead to privacy issues
(d) Part of the house, which is completely separate, maybe rented to outsiders not connected with designated employee.

5.2.3. In respect of disclosures of name of persons with whom such designated person(s) share a material financial relationship, it is clarified that

(a) only payment made by designated employee will be covered.
(b) threshold of such payment is 25% of annual income of designated employee which is quite substantial.
(c) all arm's length payment are excluded.

5.2.4. In respect of disclosures of name of educations institutions and past employers, it may be noted that such information are generally available with employer as a part of their Human Resource Data, and hence this not an onerous requirement.

5.2.5. In view of the public comments, we may drop the recommendations to disclose name and PAN number or equivalent identification of persons residing at the same address as the designated persons for a consecutive period of more than one year.

5.2.6. Further, in view of public comments, disclosure of phone / mobile /cell numbers by designated persons may be limited to those numbers which are used by such designated persons, instead of numbers accessible to them or whose billing address is residence address of the designated person.

5.3. Definition of designated persons

5.3.1. The Committee recommended to include employees of such material subsidiaries and associates company (s) of listed companies designated on the basis of their functional role or access to UPSI in the organization by its Board for applicability of code of conduct.

5.3.2. Following comments were received on this recommendation:

(a) A listed company is expected to make strategic investments in various companies in relation to its business. There will be practical difficulty in compliance of the Regulation w.r.t. to the employees of the associate companies.

(b) The terms 'material subsidiary' and 'material associate' should be clearly defined. The term 'associate' has a very wide meaning both under the Companies Act as well as under the Indian Accounting Standards.

(c) Although the term 'material subsidiary' is defined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on which reliance could be made, the term 'material associate' is not defined in any of the SEBI Regulations

5.3.3. Since the term associates has a very wide meaning, the suggestion to exclude employees of associate companies from applicability of code of conduct may be accepted.

5.4. Defences for trading while in possession of UPSI

5.4.1. The proviso to the regulation 4(1) of the PIT Regulation provides some defences to trades done by insiders while in possession of UPSI to prove their innocence.

5.4.2. The Committee recommended off-market transfers and transactions carried out through the block deal window mechanism between insiders who were in possession of the same UPSI may also be included as defence.

5.4.3. On further examination, it is noted that transactions through block deal mechanism are disclosed on stock exchange platform. Similarly, off-market trades between persons having same UPSI, should also be disclosed. Hence, it is proposed that such off-market trades shall be reported to the company within two working days. The company shall in turn report such trades to stock exchanges within two days of receipt of information.

5.5. **Powers for call interception**

5.5.1. The Committee recommended that SEBI may seek direct power to intercept calls and electronic communication but ensure proper checks and balances for use of the power by necessary amendment in the relevant laws. The power sought to intercept conversation details may be equivalent to power given to other regulatory agencies, such as the Central Board of Direct Taxes, to deal with economic offences.

5.5.2. Following comments were received on this recommendation:

(a) SEBI should follow Section 5(2) of the Indian Telegraph Act 1885

(b) Since call interception is a direct encroachment of a persons liberty which is guaranteed in the Indian Constitution, SEBI needs to take specific order from the state government to intercept the calls.

(c) The same should be deleted and permission should be obtained from judicial authorities on case to case basis.

(d) It should be seen vis-à-vis the privacy laws and should not be misused.

(e) There were several media comments on this issue both in favour and against the recommendation.

5.5.3. The committee made the recommendation considering the difficulty faced in investigating cases, particularly relating to insider trading and front running. It may be noted that in the last 3 years, i.e. 2015-16, 2016-17 and 2017-18, SEBI has investigated and recommended action in only around 40

cases pertaining to violation of PIT Regulations, out of which only around 12 relate to trading by insiders and in which actions like disgorgement/ impounding of ill gotten gains have been taken. Remaining cases pertain to disclosure violations. As far as criminal prosecution for insider trading is concerned, till date, criminal prosecution has been filed in 12 cases. However, the matters have not reached the evidence stage and there has not been any conviction so far.

5.5.4. For a serious offence like insider trading, SEBI has not been able to successfully pursue criminal prosecution due to lack of conclusive evidence. There is need to have powers for call interception, subject to adequate safeguards and due diligence to address concerns related to privacy. While it is acknowledged that persons may be using multiple phone numbers and identifying phone numbers to be tapped will be a challenge, however, it is expected that the ability of call interception will help to gather stronger evidence in cases of insider trading, particularly in respect of repetitive offenders.

5.5.5. As per our understanding, the following central law enforcement agencies are authorized by Government under the provisions of the Indian Telegraph Act to carry out call interception:

(a) Intelligence Bureau,
(b) Narcotics Control Bureau,
(c) Directorate of Enforcement,
(d) Central Board of Direct Taxes,
(e) Directorate of Revenue Intelligence,
(f) Central Bureau of Investigation,
(g) National Investigation Agency,
(h) Research & Analysis Wing (R&AW),
(i) Directorate of Signal Intelligence, Ministry of Defence- for Jammu & Kashmir, North East & Assam Service Areas only

5.5.6. The Government notification under the Telegraph Act provides the procedure and protocol to be followed for exercising this power. SEBI proposes to follow similar procedures and protocols as are being followed by Central Board of Direct Taxes, Directorate of Enforcement or Directorate of Revenue Intelligence including safeguards while exercising the powers and protocols for maintaining right to privacy.

5.5.7. It is, therefore, proposed that the proposal to seek power to intercept calls and electronic communication by SEBI may be sent to Government for consideration.

6. Based on the comments received and further examination as mentioned in the preceding para, the draft amendments suggested by the Committee have been suitably revised. Where no comments are received, the recommendations made by the Committee have been retained. Proposed amendments to the PFUTP Regulations and PIT Regulations are placed at **Annexure A and B** for consideration and approval of the Board. The Annexures contain existing regulation and the proposed amendments.

7. **Additional proposal – Code of Conduct for designated employees of MIIs**

7.1. The code of conduct in PIT Regulations prescribes conduct requirements to prevent mis-use of unpublished price sensitive information (UPSI). In this context, it is additionally proposed that similar code may be made applicable to Market Infrastructure Institutions (MII) like stock exchanges, depositories, and clearing corporation as well since they also handle UPSI related to Listed Companies.

8. **Proposal**

8.1. The Board is requested to consider and approve proposal at para 6 above to amendments to the PFUTP Regulations and PIT Regulations as enclosed in **Annexure A** and **B** respectively, and proposal at para 7 above and authorize the Chairman to make such necessary consequential or incidental changes to the

proposed amendments and take consequent steps, as may be deemed appropriate, to give effect to the decision.

Place: Mumbai

Date: _____________

Amit Pradhan

(Chief General Manager)