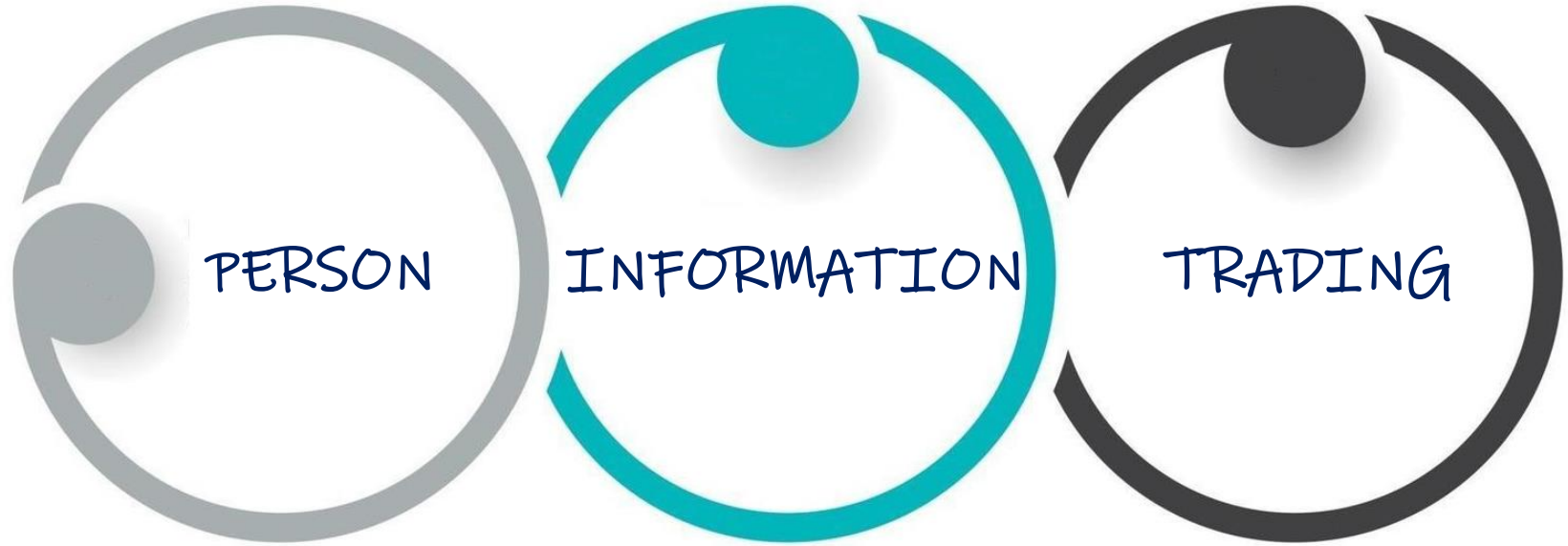# Structured Digital Database

Insider Trading... A White Collar Crime

➢ Insider Trading refers to trading of Shares by an 'Insider' based on Unpublished Price Sensitive Information (UPSI). It involves trading in Shares of a Listed Company using information that can materially impact the stock price, but has not been made public yet.

➢ Law of Insider Trading: *DON'T DO IT*

Constituents of Insider Trading

PERSON   INFORMATION   TRADING

Insider Trading is a white collar crime that results from

- by a person - who may or may not be managing the affairs of the company

- is in possession of Unpublished Price Sensitive Information
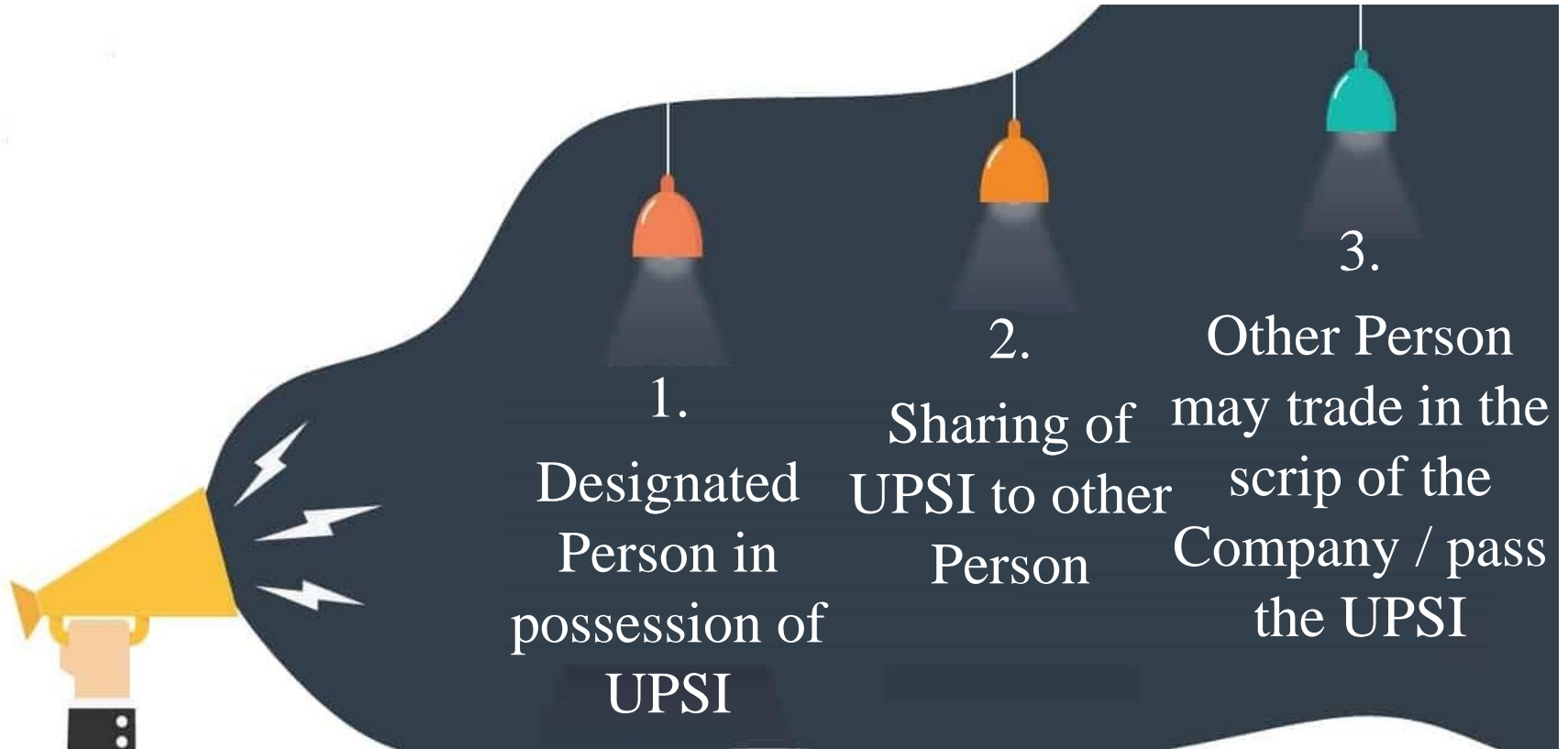
- trades in securities of a Listed Company

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Types of Information

INFORMATION

1 UPSI

2 Non UPSI
- *Public Information*
- *Non Public No UPSI*

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Flow of Information

1. Designated Person in possession of UPSI

2. Sharing of UPSI to other Person

3. Other Person may trade in the scrip of the Company / pass the UPSI

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WHY SDD?

Pre – SDD

➢ No recording of sharing UPSI in Company (Sender, Receiver, type of information, date of sharing).

➢ In case of Insider trading, it is difficult to

- Prove that person is in possession of UPSI
- When UPSI reached to him/her
- Who has shared UPSI to him/her
- Was information received was for legitimate purpose or not
- Was trading was motivated by such UPSI or not

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Post – SDD

➢ Information is available

- Details of the Sender

- Details of Receiver

- Type of UPSI shared

- Purpose of sharing UPSI

- Mode of Sharing UPSI

➢ The above information assists in proper governance and maintenance of Internal Control Systems in the Company.

➢ Further, it assists in settlement of cases in more conclusive manner.

Structured Digital Database – Origination

➢ Idea of SDD was first generated by Committee on Fair Market Conduct and was later introduced vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

➢ Applicability of the provisions of Structured Digital Database on Listed Companies was from April 01, 2018.

➢ Applicability of the provisions of Structured Digital Database was then expanded to every organization who is required to handle UPSI from July 17, 2020.

Stock Broker, Sub – Broker, Share Transfer Agent, Banker to an Issue, Trustee of trust deed, Registrar to an Issue, Merchant Banker, Underwriter, Portfolio Manager, Investment Adviser, Auditors, Accountancy Firms, Law Firms, Analysts, Insolvency Professional Entities, Consultants, Banks, Registered Valuers, Practicing Company Secretary Firms, Cost Audit Firms, Internal Auditors, Printer, Designer, etc.

Structured Digital Database – Legal Aspects

➢ **Responsibility to maintain:** Board of directors of Listed Company and head(s) of the organization who is required to handle UPSI.

➢ **Hosting & Maintenance of Database:** Such database shall not be outsourced and shall be maintained internally.

As per comprehensive FAQ's issued by SEBI dated April 29, 2021: Databases/servers provided by third party vendors whether within India or outside India, *(such as Amazon, Google, or cloud server hosted outside India)* will be considered as outsourced

➢ **Basic Requirement of Law:** Time stamping and audit trails to ensure non-tampering of the database.

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Structured Digital Database – Legal Aspects

➢ **Information to be stored:**

✓ **Recipient Information:** Name, PAN or other unique identifier (in case PAN is not available).

✓ **UPSI Information:** Date and time of Sharing, Nature of UPSI shared, Mode of Sharing, purpose of sharing UPSI.

Adding Insider (organization)

Insider Types : *

Auditor ▾

Pan No. of the Organisation : *

[   ]

(Should be 10 digit Alpha Numeric value)

Upload Signed NDA

[Choose File] No file chosen   **Add file** File size should not be more than 2 MB

Select Company : *

-Select- ▾

Appointment Date : *

[   ]

Insider Organisation Name : *

[   ]

Organisation Type : *

-Select- ▾

Organisation Address :

[   ]

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Adding Insider (organization)

Country :   -Select- ▾

State :   -Select- ▾

City :

Pincode :

Organisation Phone No. :   STD Code - Ph No.

Organisation Mobile 1 : *   Number

Organisation Mobile 2 :

Organisation Email Id : *

Alternate Email Id :

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Contact Person :   **Add Contact Person Details**

Adding Insider (organization)

Contact Person Details

Email Id : *

Name : *

Designation : *

PAN No. : *

(Should be 10 digit Alpha Numeric value)

Nationality : * -Select- ⌄

Phone No. : STD Code - Ph No.

Mobile 1 : Number

Mobile 2 : Number

Add Cancel

Recording of UPSI data

Information Shared By :	Deepak
Info Shared with respect to: *	○ Designated Person ● Insider ○ UPSI Project
Insider Types : *	Auditor ⌄
Filter Insider : *	Audit firm ⌄
Insider Signed Confidentiality Agreement :	No Confidentiality Agreement Signed
Contact Person :	M ⌄
	P
Type of Organisation :	Audit firm
Name of Organisation :	Private Limited Company
Designation :	

Recording of UPSI data

Date of Sharing : *   04/08/2021

Time of Sharing : *   17 :22 :00

Particular of Information Shared : *   Financial results   ⌄

Purpose of Sharing : *   For preparing monthly/ quarterly / annual t ⌄

Mode of Sharing : *   E-mail   ⌄

Submit

Report generated

Name of the UPSI Project	Sender Information	Recipient Information	Name of the Recipient Organization	UPSI Shared On	Time of UPSI Sharing	UPSI Shared	Purpose of Sharing	Mode of Sharing	Project Start Date	Project End Date	Project Status	Date of Entry
	Davendra	Deepak(d1)		05 Aug 2021	6:44PM	Change in capital structure	For preparing Board and Committee meeting agenda.	Physical documents				05/08/2021 18:47:27
Quarterly Result	CEO	Deepak(d1)		05 Aug 2021	6:48PM	Financial results	For preparing monthly/ quarterly / annual financial results	E-mail	30 Jul 2021		running	05/08/2021 18:49:09
Financial Result	Deepak	Dhruv(Auditor)	Corporate Professionals	03 Aug 2021	12:46PM	Financial results	For preparing monthly/ quarterly / annual financial results	E-mail	15 Jul 2021	05 Aug 2021	completed	06/08/2021 12:47:14

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Ways of storing information

➢ **Excel / Google spreadsheet**

✓ **Advantages:**

- **Cost Effective**
- **Easy to adapt**

✓ **Disadvantages:**

- **Can be easily tempered**
- **No Audit trails**
- **No date and time stamping**
- **Compilation of information, a difficult task**
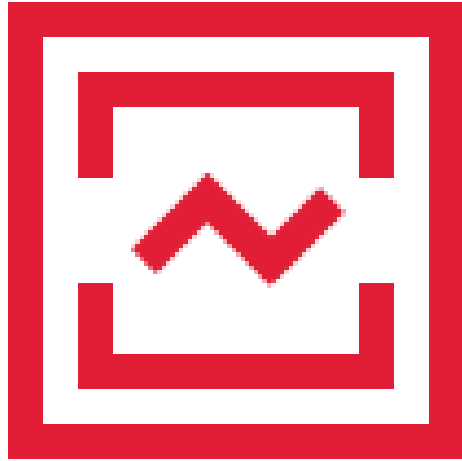- **Storage at Individual level only**

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Ways of storing information

> **Tool**

✓ **Advantages:**

- **Audit Trail**
- **Time stamping**
- **Cannot be tempered**
- **More security features**
- **More structured compilation of data**

✓ **Disadvantages:**

- **Cost**

A Structured Digital Database tool developed by Corporate Professionals

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Features of Insilysis

➢ Requests & Disclosures under SEBI (PIT) Regulations.

➢ Analysis of Trading pattern through BENPOS.

➢ Maintenance of Structured Digital Database.

➢ Initiation of enquiry / investigation.

Clients

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THANK YOU

Mohini Varshneya
Partner
M: +91-9971-673-332
T: +91-11-406-22-231
E: Mohini@indiacp.com
W: www.corporateprofessionals.com