



UPSI as per SEBI Consultation Paper & (PIT) Regulations



**Corporate
Professionals**

26/05/2023



Walk-through on the Journey of UPSI

Word coined - UPSI



Jurisdictions worldwide use varying nomenclatures – mostly, *“Material non public information”*.



However, initially the SEBI Act, 1992, as amended in the year 1995 specifically uses the term — Unpublished Price Sensitive Information (“UPSI”) under Section 15G to impose monetary penalties connected with Insider trading.

Evolution of UPSI

“Till 2002 [Before SEBI (PIT) (Amendment) Regulations, 2002”]

UPSI means any information directly or indirectly related to Company and it is not generally known or published by such company for general information, but which if published or known is likely to materially affect the price of securities of that company in the market.

Information related to **following matters:**

Financial results (Half yearly & Annual);

Intended declaration of Dividends (interim & final);

Right issues/ Bonus;

Merger/Takeover/ Amalgamation;

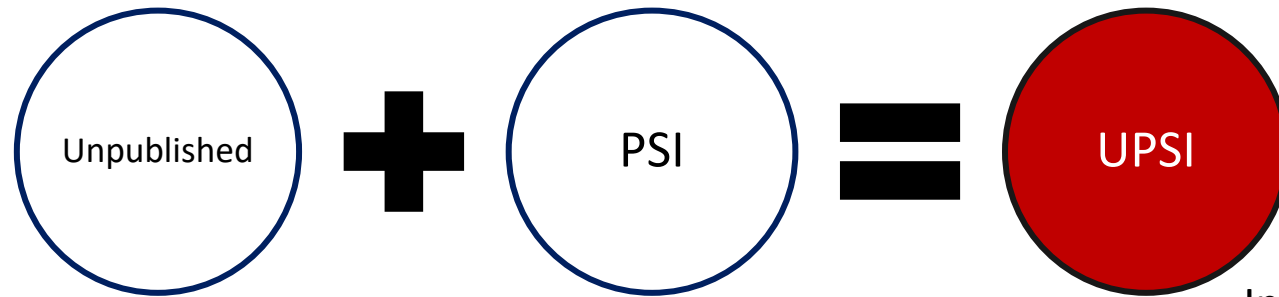
Expansion plan or new projects;

Disposal of the whole or substantially the whole of the undertaking;

Other information affect the earnings of company



Evolution of UPSI – Two separate definition



Amended definition of Unpublished

Means information which is **not published by the Company** or its agents and is not specific in nature

Explanation – Speculative reports in print or electronic media shall not considered as published information

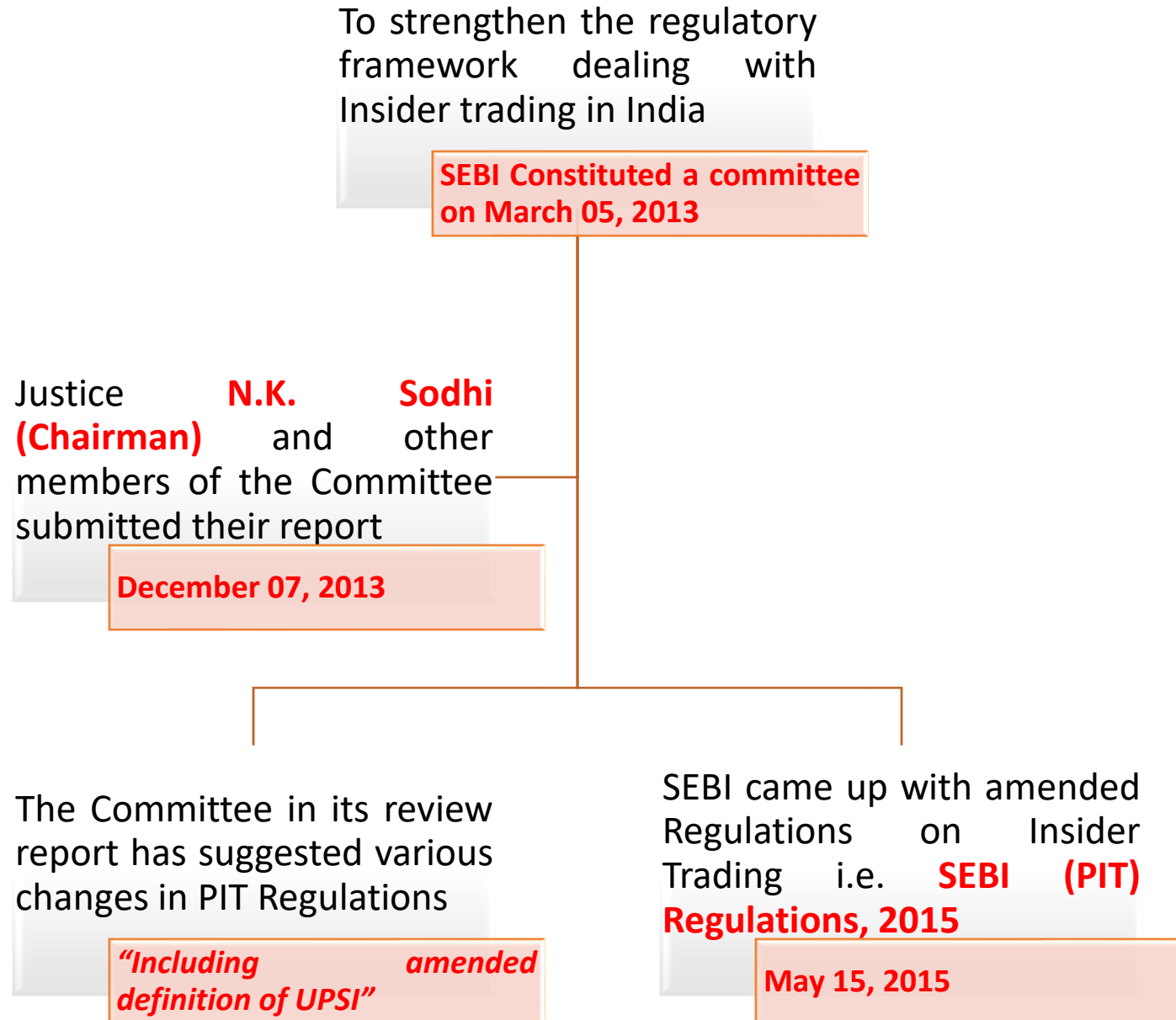
After SEBI (PIT) (Amendment) Regulations, 2002

The definition of “**Price sensitive information**” was inserted i.e. - means any information which directly or indirectly related to Company and which if published is likely to materially affect the price of securities of company

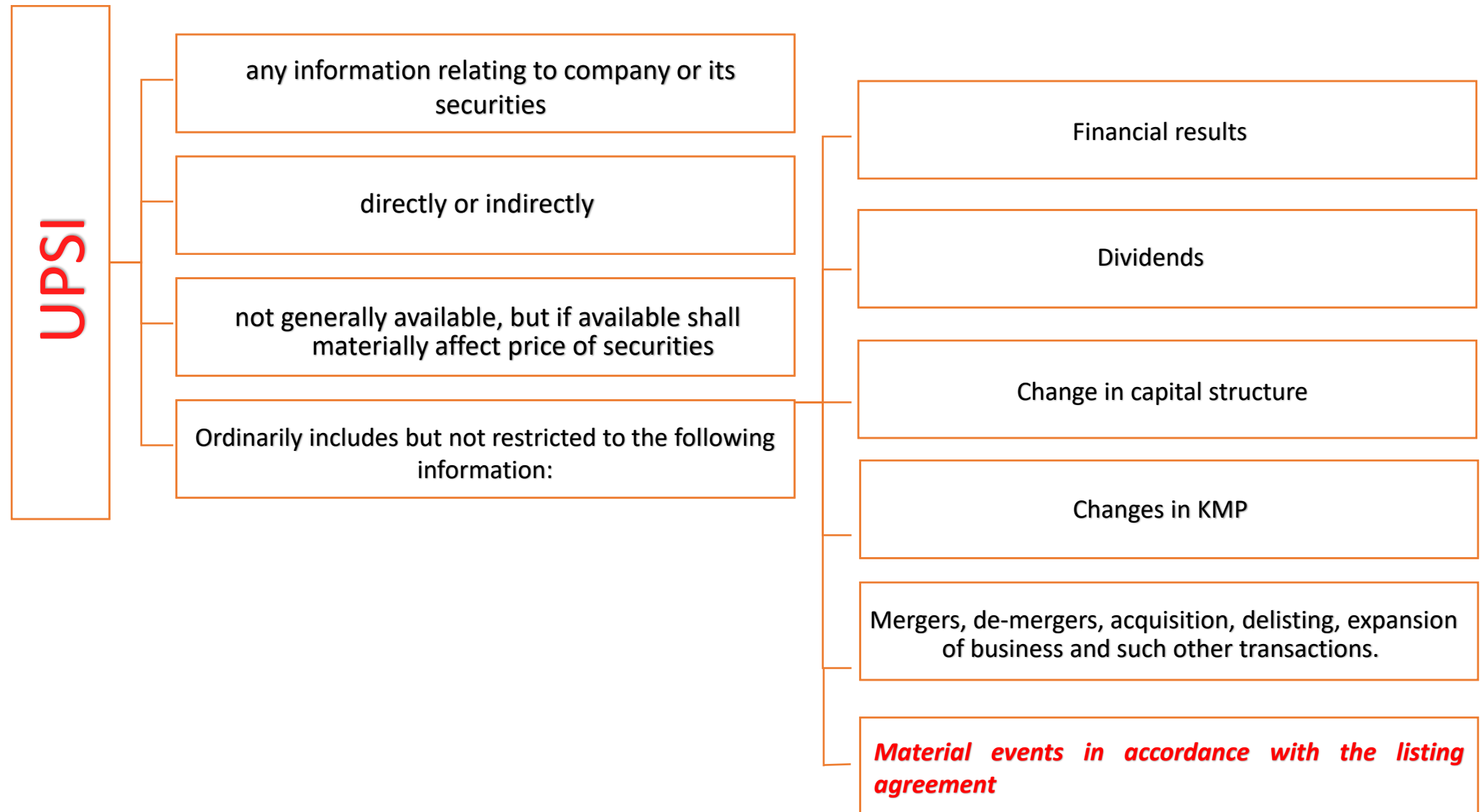
Information related to **following matters:**

Periodical Financial results;
Intended declaration of Dividends (interim & final);
Issues of securities or buy-back;
Merger/Takeover/ Amalgamation;
Expansion plan or new projects;
Disposal of the whole or substantial part of undertaking;
Significant changes in policies, plans or operations of the Company

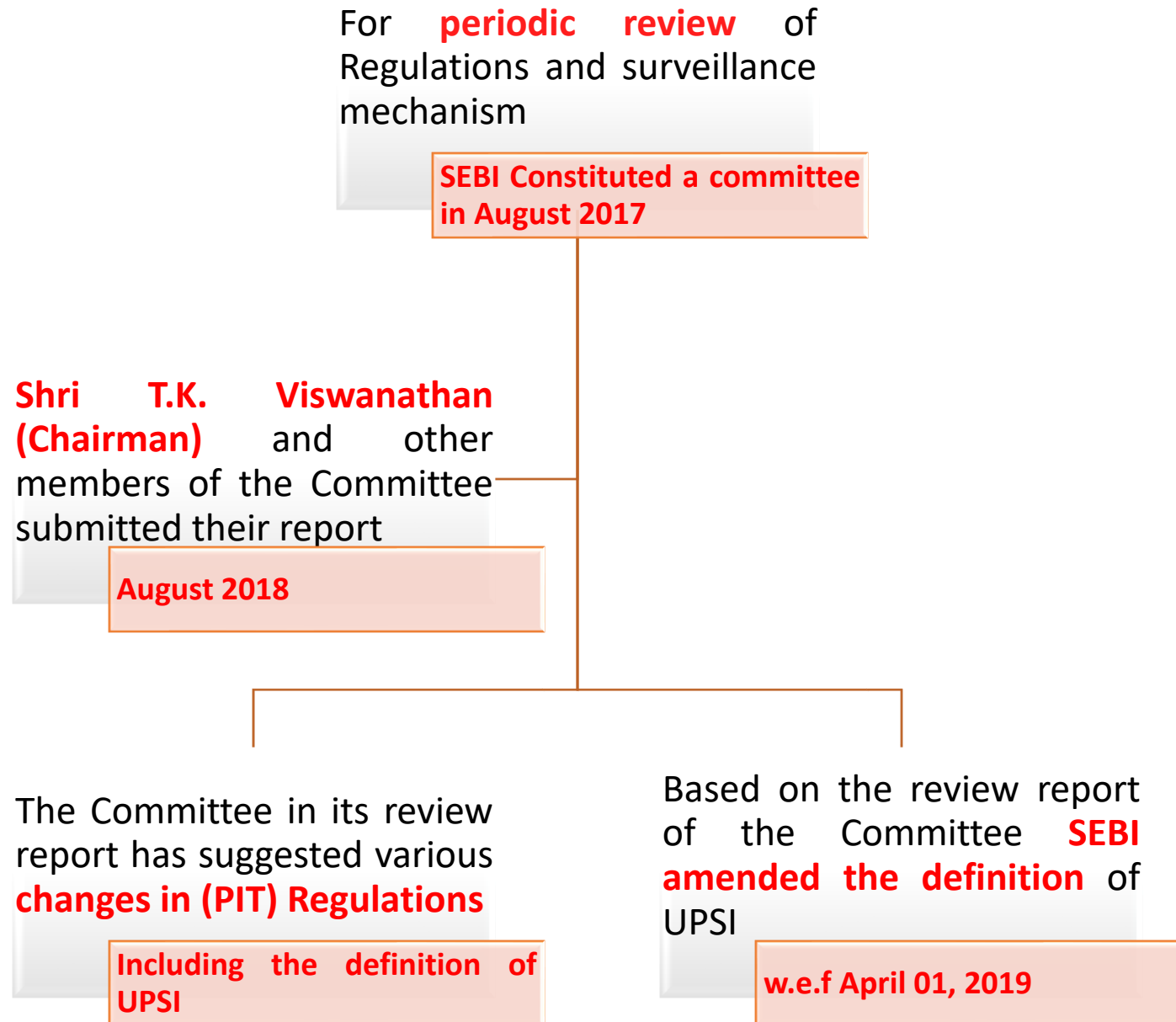
Evolution of UPSI – New SEBI (PIT) Regulations, 2015



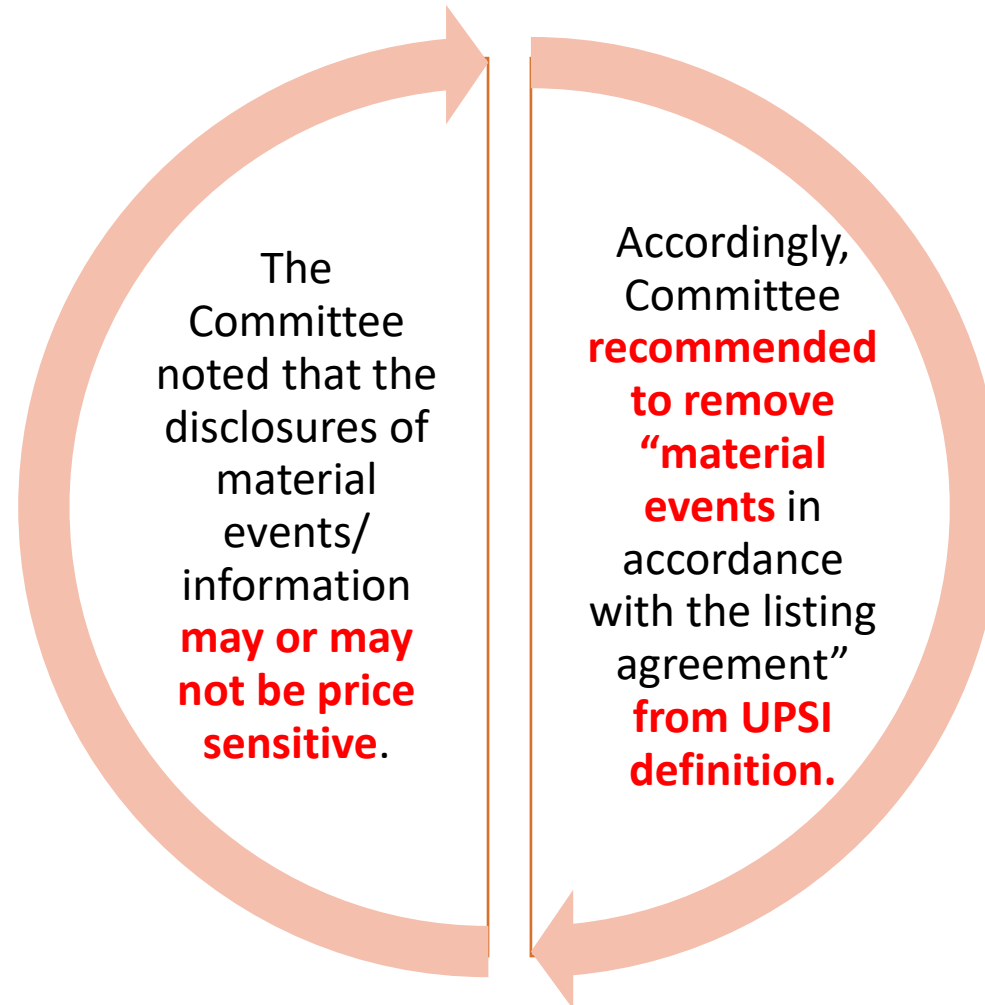
Evolution of UPSI – Definition as per SEBI (PIT) Regulations, 2015



Evolution of UPSI – New SEBI (PIT) Regulations, 2015




● Evolvement of UPSI – Reason stated by committee for proposing amendment in UPSI Definition



Example – If a Company has 100 factories across the country and if the Company is opening one more factory, having production capacity at par with existing factories, for commercial production then it is material information as per Listing Agreement but it may not be price sensitive information for the said company, as they have 100 factories already before starting one more unit.





Brief of items listed in Schedule III of SEBI (LODR) Regulations, 2015



Policy of Materiality




The Board to authorize one or more KMPs for the purpose of determining materiality



The Listed Entity to frame a Policy For Determination Of Materiality Of Events.



Schedule III contains an illustrative list of events, which are needed to be disclosed



Part A: Events which shall be disclosed without any application of the guidelines for materiality (*All are deemed to be UPSI also*) – *Mandatory (No Discretion of any KMP)*



Part A: Events


- ☐ Acquisitions, including agreement to acquire,
- ☐ Issuance/ forfeiture/ split/ consolidation/ **buyback of securities**;
- ☐ Revisions in ratings;
- ☐ Outcome of Board Meetings held to consider **dividends**/ buy-back/ fund raising/ alteration of share capital/ **financial results**/ voluntary delisting/ forfeiture/ bonus issue;
- ☐ Agreements which are binding and in normal course of business;
- ☐ **Frauds/ defaults**/ arrests of promoters/ KMPs/ the listed entity;
- ☐ **Change in directors, KMPs**, auditor and Compliance Officer;
- ☐ Details regarding **resignation of auditor**;
- ☐ Details regarding **resignation of independent director**;
- ☐ Appointment or discontinuation of share transfer agent;



Part A: Events

- ☐ Resolution plan/ **Restructuring** in relation to loans/borrowings from banks/financial institutions;
- ☐ **One time settlement with a bank;**
- ☐ Reference to BIFR and winding-up petition filed by any party / creditors;
- ☐ Issuance of Notices, call letters, resolutions and circulars sent to security-holders;
- ☐ Proceedings of Annual and extraordinary general meetings of the listed entity;
- ☐ **Amendments to Memorandum and Articles of Association;**
- ☐ Schedule of analysts or institutional investors meet and presentations made by the listed entity to analysts or institutional investors;
- ☐ Audio or video recordings and **transcripts of post earnings**/quarterly calls;
- ☐ Events in relation to the corporate insolvency resolution process;
- ☐ Initiation of Forensic audit.





Part B: Events which shall be disclosed upon application of the guidelines for materiality *(If it is material then become price sensitive also) – As per Materiality Policy (Discretionary)*

Part B: Events

- ☐ Commencement/ postponement in the date of commencement of commercial production/ operations of any unit/division;
- ☐ Change in the general character/ nature of business, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal);
- ☐ Capacity addition or product launch;
- ☐ Awarding, bagging/ receiving, amendment or termination of awarded/ bagged orders/ contracts not in the normal course of business;
- ☐ Agreements (including loan agreements) which are binding and not in normal course of business and revisions thereof;



Part B: Events

- ☐ Disruption of operations due to natural calamity/ force majeure/ strikes/ lockouts etc.;
- ☐ Effects arising out of change in the regulatory framework applicable to the listed entity;
- ☐ Litigation/ dispute/ regulatory action with impact;
- ☐ Fraud/defaults etc. by directors or employee (other than KMPs);
- ☐ Options to purchase securities including any ESOP/ESPS Scheme;
- ☐ Giving of guarantees or indemnity or becoming a surety for any third party;
- ☐ Granting, withdrawal , surrender , cancellation or suspension of key licenses or regulatory approvals.



Public comments on the Consultation Paper



SEBI invited various
stakeholders, public
comments latest by
June 02, 2023

via email to
“pit_isd@sebi.gov.in”

Crux of UPSI definition

