

**ENVAIR ELECTRODYNE LIMITED**

**POLICY FOR STRUCTURED DIGITAL DATABASE (SDD) OF UNPUBLISHED PRICE SENSITIVE INFORMATION (UPSI)**

**I) BASIC Information**

**INTRODUCTION:**

Structured Digital Database (SDD) is used to keep record of persons with whom the price sensitive information or UPSI have been shared with. This Database will act as a check for those persons who have possession of UPSI, from dealing in securities in a manner for their personal gain by using the unpublished information. This Database can also help as an evidence in case of any investigation relating to violation of insider trading norms.

**BACKGROUND:**

SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “PIT Regulations, 2015”) came into effect from May 15, 2015. Subsequently amendments were made to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework to cater to changing dynamics of the market. SEBI, vide the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, introduced the concept of Structured Digital Database (hereinafter referred to as “SDD” or the “Database”) which came into effect from April 01, 2019. Considering the requirement to bring clarity on the maintenance of SDD, SEBI introduced further amendments in the year 2020 and issued FAQs in April 2021 on the same.

**FRAMEWORD:**

Reg. 3 (5) of SEBI (Prohibition of Insider Trading) Regulation:

The board of directors or head(s) of the organization of every person required to handle unpublished price sensitive information shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

Reg. 3 (6) of SEBI (Prohibition of Insider Trading) Regulation:

The board of directors or head(s) of the organization who is/are required to handle unpublished price sensitive information shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event

of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

## **BSE NOTICE NO 20221028-15 DATED 28TH OCTOBER, 2022 AND BSE EMAIL DATED 28<sup>TH</sup> OCTOBER, 2022:**

An email has been sent to all the Listed Company on 28th of October, 2022 wherein, all listed Companies are required to put in place Structured Digital Database in place and control as to who can access such database. The system should capture all information in the nature of UPSI along with date and time. The database should be maintained internally and an audit trail should also be maintained. The database should be non-tamperable and have capability to maintain the records for 8 years.

### **II) Definitions:**

**“Authorized Officer”** means Company’s employee who is authorized by the Board and who shall be responsible to ensure that every entry is recorded in SDD with date and time and there shall be some system to ensure that the date and time for every entry made when the UPSI is shares is captures in SDD.

**“Structured Digital Database (SDD)”** is a Digital Database which, should be maintained internally by the company Should be maintained with adequate internal checks, time stamping and audit trails Should be non-tamperable Should not be outsourced Containing the details such as, name of persons with whom the UPSI have been shared with, name of persons for whom there is an access to UPSI, PAN of those persons, any other Identification number authorized by Law. In general, SDD is a kind of Digital Database which should be maintained internally in a non-tamperable manner along with time-stamping and audit trail. The Database must contain the name and PAN number of Persons with whom the UPSI have been shared.

SDD should be maintained as,

- A Digital Database format
- In a non-tamperable manner
- With Time-stamping and Audit Trail facility
- Must not able to edit or erase the contents once added
- Should be accessible only by authorized persons
- Not a public data subject to regulatory requirements
- Should be maintained internally
- Should not be outsourced.

*Ref: Regulation 3(5) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

**“Designated persons”** As per the provisions of SEBI Laws, it is mandatory to capture the Name along with their PAN in SDD. All such person who hold or in the process of Compliances and operation of Company comes to knowledge of any UPSI shall be known as Designated Person.

**"Unpublished Price Sensitive Information"** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally

available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel.

*Ref: Regulation 2(n) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

### **III) INFORMATION HOLDER/DESIGNATED PERSON:**

As per the provisions for maintenance of Structured Digital Database (SDD) the information holder or designated person shall be bound by the Code of Conduct mentioned in the Policy.

All Designated Person, Connected Persons will be covered in this Policy. The Number of people covered in SDD will be increased as the UPSI is shared with more people and the Authorized Officer shall ensure that as and when the UPSI is shares, the concerned person's particulars are duly recorded in the system.

### **IV) CODE OF CONDUCT:**

One important aspect of the SDD is that knowledge of UPSI should be available to a person only on 'need to know' basis. Further, the identity of the person accessing the database is required to be established for the purpose of audit trail.

#### **i) RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS**

No person shall share any UPSI with any outsider or any other Company Employee until and unless it is required for operational or compliances or any such other purpose.

#### **ii) POLICY TO BE COMPLIED EVEN WHEN INFORMATION IS SHARED WITHIN THE COMPANY.**

All the provisions of this policy shall be observed and Complied with even when any UPSI is shared by the Company Employees within the themselves, whether the information is shares with other Department of within Department. Recording the point where the information is share shall be intimated to the Authorized Officer of the Company.

#### **iii) AUTHORIZED OFFICER TO BE INFORMED IN ADVANCE AND MARKED IN EVERY COMMUNICATION WHERE UPSI IS SHARED.**

The main objective of this policy is to ensure that all the transfer of UPSI whether with an outsider or within the Company are duly recorded in the system. This is possible only when the authorized officer is marked in every communication.

*Illustration: In case any information is required to be shared by One employee of the Company with other to ensure that the Company operations are running smoothly, in case the UPSI is being shared by email, the Authorized officer must be marked in that email so that he can make appropriate entry in SDD.*

#### **iv) MEDIA FOR SHARING OF INFORMATION:**

The Designated Person while sharing UPSI with any other person must ensure that the information is shared through some medium where the time is recorded such as email, etc. and must avoid sharing information through sources where the time is not recorded such as over telephone call or hard copies of any documents etc.

#### **v) HOLDING PERIOD:**

As per the provisions of SEBI Regulations, all the data with regard to SDD shall be preserved for a period of Eight years.

### **V) FLOW OF INFORMATION:**

The purpose of maintenance of (SDD) is to ensure that there is proper check on share of any UPSI with any Designated person and to maintain an Audit Trail in case required. It also covers the sharing of UPSI internally between the Company Employees, Directors, Promoters etc. and with outside parties such as Statutory Auditor, Secretarial Auditor etc.

*Illustration: A listed company (X) has appointed a Merchant Banker (Y) and a Law Firm (Z) in respect of fund raising activity. The structured digital database of (X) should capture the nature of UPSI shared, details of (Y) and (Z), along with their PAN or other unique identifier (in case PAN is not available).*

Irrespective of whether an UPSI is shared internally or externally, necessary recording should be made in SDD.

The intent of maintaining SDD is that the flow of sharing of UPSI is recorded. SDD needs to contain the names of the person(s) with whom UPSI has been shared. This means that entry should be made upon sharing the information so as to ensure that the same is not missed subsequently and captures the event.

*Illustration: while finalizing financial results for say quarter ended September 2022, one entry can be made for the persons in the accounts department at the start of the finalization process. Additionally, if UPSI is shared with Auditors, then the details of the audit firm, the*

senior partner and other entities of audit firm with whom UPSI is shared, need to be recorded.

Any Information to be shared must be through digital platform which shall ensure the capturing of Date and Time of sharing of UPSI and the Authorized Officer must be kept in such communication to ensure proper entries are made and recorded accordingly in the SDD.

In case of any confusion or clarification required before sharing of any UPSI with any designated person or any other outside party, the same shall be communicated with the Authorized Officer so that appropriate decision and records can be kept in advance, and entries are recorded in time to ensure Compliances of SEBI Laws.

## **VI) RESPONSIBILITY OF AUTHORIZED OFFICER:**

Authorized office shall ensure that all the transfer of UPSI are recorded in SDD. In order to ensure all the Compliances, Authorized office shall:

- Ensure that all the entries are made in the system with the time of sharing such information so that the time is not tamperable and not changed.
- In case of any query on part of any information holder, the Authorized Officer shall clear such query.
- Ensure that all the point of sharing of UPSI are duly recorded in the SDD as soon as the same is brought to his knowledge.

## **VII) BACK DATE ENTRY**

The Authorised person who has shared UPSI will not enter any entry in back date. Except if due to any circumstance the authorized person not able to enter data on the same date he/she ensures that back date entry shall be entered on or before expiry of 3 days from date of sharing of UPSI.

## **VII) PENALTY FOR NON COMPLIANCE:**

- The Stock Exchanges from August 4, 2022, have mandated the filing of Compliance Certificate by Compliance Officer of Listed entity which gives a certification regarding the maintenance of SDD in their respective Organizations.
- If any insider who, either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price sensitive information; or communicates any unpublished price sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law counsels, or procures for any other person to deal in any securities of any body corporate on the basis of unpublished price sensitive information, shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

*Ref: Section 15G of SEBI Act, 1992.*

## **VIII) MISCELLANEOUS:**

### **Amendment in the Policy**

Any addition or deletion in the existing clauses of the Policy or any Amendment in the existing clauses of the Policy shall not be effective and valid until and unless the same has been properly discussed with the Board and the same has been approved by the Board.

In case it is felt that any provision of the Policy is to be amended on urgent basis or any clause is to be added on urgent basis, the Authorized office of the Company shall first send an email informing all the Information holders about the urgency for the Amendment in the Policy and explain the Clause added/deleted or amended.