



Axar Digital Services Pvt. Ltd.

InsiderLens IFCo

On July 17, 2020 SEBI amended the PIT Regulations, 2015, making it mandatory for any “organisation of every person required to handle unpublished price sensitive information (UPSI)” to create and maintain a Structured Digital Database (SDD) and ensure that persons handling UPSI do not trade in the listed securities of the respective Listed companies. Thus, “fiduciaries” (Auditors, solicitors, consultants, et al) and “intermediaries” (Banks, rating agencies, brokers, etc), who need not be listed companies, were brought into the ambit of the PIT Regulations. These changes were implemented by revising contents of Regulation 3 (5) and by inserting sub-regulation (6). Please see www.axardigital.com for details.

Therefore, in addition to listed companies, SDDs must be maintained by Intermediaries or Fiduciaries with whom Un-published Price Sensitive Information (UPSI) is shared. Like for listed companies, the SDD must comply with the following requirements:

1. The SDD must include the nature of UPSI, names of persons who shared UPSI and names of persons with whom UPSI is shared, together with their PAN number or legally authorized identifier.
2. The SDD must be maintained internally and cannot be outsourced. Access to the database to be on a “need-to-know basis”.
3. Data must be maintained for 8 years from entry. Also, if there is any investigation / enforcement proceedings by SEBI, the relevant information is required to be maintained till completion of such proceedings, if necessary, beyond the 8 year period.
4. The data must be Non-tamperable and have a complete audit trail. Data once entered should not be deletable for the duration of 8 years...
5. The CO must issue Trading Window Closure (TWC) Notices to the concerned persons.

InsiderLens IFCo version is designed to meet the above needs of market Intermediaries regulated by SEBI and Fiduciaries like firms of Statutory or Secretarial auditors, brokers, consultants, etc. for complying with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended till date. IFCo stands for Intermediary and/or Fiduciary company/ entity.

InsiderLens IFCo is a stand-alone application implementable on a server belonging to the client, not hosted by Axar, with access only in the hands of the client's Designated Persons (DPs).

InsiderLens IFCo competently addresses the following requirements of the regulation :

- It allows for entry of UPSI originating from an individual belonging to an external listed company, which reaches one or more of the DPs of the recipient Intermediary or Fiduciary entity (IFCo).
- The external listed company can be added to a 'Restricted List' of companies with whom the IFCo has a relationship and from whom, the IFCo may expect to receive UPSI.
- Axar can provide a service of supplying the names of all listed companies on the major exchanges viz., BSE, NSE, etc. together with master data such as the company code, ISIN Nos of listed paper, etc.
- After recording receipt of UPSI from any Restricted List company, the system tracks the movement of the UPSI among DPs (and their CPs) of the IFCo till 'expiry' of the UPSI, either by Closure or Disclosure.
- As the UPSI moves within the IFCo, the system tracks trading activity of concerned DPs to prevent (as far as possible) violation of regulations through trading while in possession of UPSI, contra trades...
- The same DP/s may possess UPSI regarding multiple Restricted List companies. The system allows for this situation and tracks their information possession and trading activities.
- The CO's role is specially taken care of keeping in mind all the above, and the need to ensure appropriate actions such as Trading Window Closures for DPs in possession of UPSI, award or denial of Pre-clearance Requests, etc.
- To ensure all the above are done properly, the system helps the CO and DPs create the relevant information infrastructure including for example, Company data of restricted companies, Connected Persons' data for Immediate Relatives, Material Financial Relationships and Other Entities, etc.
- Finally, of course, there are various reports to ensure compliance and for addressing deviation or non-compliance.

The InsiderLens IFCo solution helps organizations and their DPs comply with the regulation through a set of interactive screens and supporting alerts and reminders. The solution leverages on Axar's significant experience with close to 100 clients of our InsiderLens LCo (LCo = listed company) solution, Please visit our website to see a sampler of our clients.

This brochure attempts to be brief while still trying to cover the entire ground that InsiderLens IFCo covers. That is not, however, readily possible.

As usual, with all Axar's solutions, InsiderLens (IFCo) is audited by a leading firm of Secretarial Auditors to confirm that it is fully compliant with the regulations. We will begin implementing the solution in January 2022. We are rolling out the Beta version from mid-December, 2021.

To really see how comprehensively and meticulously InsiderLens IFCo offers compliance support, we invite you to a demonstration of the solution. To schedule a demo connect with us:

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