

The Company Secretary
All Listed Companies

Dear Madam/Sir,

Sub: Disclosure of Unpublished Price Sensitive Information by Listed Companies

Background:

1. Regulation 2(n) of SEBI (Prohibition of Insider Trading) Regulations, 2015 defines UPSI as *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.*
2. To prevent misuse of UPSI by a certain section of investors/Market Participants who are privy to such information before it is disseminated to public at large, the SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements), 2015 place obligations on listed companies to make timely disclosures with respect to material price sensitive information.
3. However, it is observed there have been cases where UPSI of a few listed companies was circulated through private communication channels/messaging platforms, before this information was made available as per PIT Regulations. Also, there have been cases wherein there has been a delay in disseminating the UPSI on the grounds that the information/material events have not been either crystallized fully or has not become credible and concrete. Any delay in the dissemination of UPSI is prone to misuse either by the participants who have access to it or by way of leakage of such information to selected participants.
4. The listed company has a responsibility to ensure that the financial results are not leaked before the same are disclosed by the company. However, in line with clause 1 of the Schedule A to the PIT Regulations, the company may of its own initiative make public disclosure of provisional figures as close to the quarter end as possible so that the information becomes generally available.
5. Contingent liabilities arising out of labour disputes and dispute settlements, contingent tax liability, etc. lead to information which is material for the company and its stakeholders but is not final in its terms or crystallized till a decision is agreed upon by all stakeholders (e.g. Tax settlement order, Merger, etc.). However, once the transaction is finalized, minus its detailed modalities, the information is present with certain individuals within the company as well as with the various connected persons as defined under the PIT Regulations such as viz. tax accountants, lawyers, valuation professionals, merchant bankers etc.
6. In line with clause 4 of the Schedule A to the PIT Regulations. the listed company has to take steps to ensure that the UPSI, e.g. approximate settlement amount as soon as decision to settle dispute is reached and approximate tax liability as soon as tax arbitration is initiated, etc., is promptly disseminated to make such information generally available. It is the responsibility of the company to promptly make generally available the UPSI that gets inadvertently disclosed selectively.

7. Hence, it is necessary to ensure that there is no leakage of UPSI and to consider as to at what stage a UPSI needs to be disseminated by a company to prevent any misuse of information.

Directions:

Accordingly all listed companies are required to abide with the following directions for maintaining confidentiality of UPSI as well as measures to deal with incidents of leakage of price sensitive/ material information.

- a. All listed companies to disseminate the material information/event as soon as it become credible and concrete for maintaining information symmetry in the market.
- b. Listed companies may choose to disseminate any material information/events where there is likelihood of crystallization of such events/information but finality has not been reached.
- c. However, listed company may choose not to disclose the same to the Stock Exchanges only if,
 - Non-Disclosure of such material information/event is in the interest of its stakeholders (for example, impending Joint Ventures, mergers, settlement of only one out of multiple labour disputes, etc.), and
 - The listed company ensures the confidentiality of such information and that no part of the information is leaked.
- d. All listed companies need to ensure strict compliance with Schedule A to the PIT Regulations to put in place processes/systems/controls to ensure that instances of leakage of material, price sensitive information do not occur and wherever possible, material, price sensitive information is disclosed as soon as such information is known with a certain reasonable level of correctness.
- e. In line with clause 5 to the schedule A to the PIT Regulations, in the event of rumors noticed in media or on observation of information leakage through any media (including social media), the company shall immediately make appropriate and suitable disclosures through the Stock Exchanges. The disclosures shall provide all such information as can be furnished without compromising the business interest of the company and its stakeholders on a suo-motu basis without waiting for any query from stock exchanges in this regard.
- f. The listed company shall immediately disclose the confidential/ material information to the Stock Exchanges in circumstances where the confidential/ material information has been inadvertently disclosed/ made known to a third party.

All listed companies are required to comply with the above with immediate effect.
Yours faithfully,

For National Stock Exchange of India Limited

Kautuk Upadhyay
Chief Manager