

# BSE & NSE simplify the compliance certificate format for Structured Digital Database (SDD), allows PCS certification and indicates possibility of inspection by BSE

*w.e.f October 28, 2022*

## **Background:**

- a. Requirement to furnish compliance certificate w.r.t. maintenance of SDD was first time made applicable for quarter ended June 30, 2022;
  - By way of emails sent by the stock exchanges to listed entities.
- b. Certificate was required to be certified by Compliance Officer.
- c. Basis the filings made and queries/ concerns raised, BSE has revised the format and released FAQs.
  - Refer our article on [some emerging concerns on SDD](#).

## **Present requirement**

- a. The quarterly compliance certificate to be certified either by the **Compliance Officer** or a **Practising Company Secretary (PCS)**.
- b. Format and timeline prescribed for quarter ended September 30, 2022 and December 31, 2022
  - **For Quarter ended September 30, 2022 – by November 18, 2022.**
  - **For Quarter ended December 31, 2022 – by January 21, 2023.**
  - **For Quarter ending March 2023 onwards – A separate circular will be issued.**
- c. Applicable to all listed entities.

## **Inspection by Stock Exchanges**

- a. Of the SDD system maintained by the Company
  - After giving prior notice of 1 working day.
- b. Appropriate action to be taken in case of non-compliance.

## **Format**

- a. Provided in [Annexure A](#) of the notice, that requires confirmation on following aspects of SDD:
  - the Company has a Structured Digital Database in place;
  - control exists as to who can access the SDD;
  - all the UPSI disseminated in the previous quarter have been captured in the Database;
  - the system has captured nature of UPSI along with date and time;
  - the database has been maintained internally and an audit trail is maintained;
  - the database is non-tamperable and has the capability to maintain the records for 8 years.
- b. Disclosure of number of events that were required to be and were actually recorded.
- c. Reporting of non-compliances and remedial actions taken.

## **Manner of submitting the compliance certificate:**

- a. **BSE:** Upload at “BSE Listing Centre > Listing Compliance > Compliance Module > Structured Digital Database (SDD) Compliance Certificate”
- b. **NSE:** The certificate has to be emailed on the following email id of the Exchange: [sdd\\_pit@nse.co.in](mailto:sdd_pit@nse.co.in)

# Gist of the additional FAQs provided by BSE in this regard

## *Additional FAQs (Annexure B )*

1. SDD to be maintained by every entity with securities, as defined in SCRA, listed or proposed to be listed;
2. SDD to be maintained by Intermediaries / Fiduciaries for recording the UPSI shared and persons who have shared and with whom such UPSI is shared.
3. Trigger point for recording in SDD shall be sharing of UPSI whether internally or externally.
4. UPSI to be determined by evaluating the following:
  - a. The information is not publicly available;
  - b. Irrespective of magnitude of the contract/ transaction/ information, if the information on becoming publicly available is likely to materially affect the price of the securities
5. Information will become UPSI where the probability of going ahead with the information/concerned event is higher than not going ahead and such information is likely to “materially” affect the prices of the securities of the company.
  - a. **This was explained in our FAQ No. 2 of our [FAQs on SDD](#).**
6. Any alteration of entries made already is not allowed unless a separate entry citing reference to the previous one is made with full corrected details and reasons for correction;
7. Board or the head(s) of the organisation of every person required to handle unpublished price sensitive information should determine who is to be given access to SDD;
  - a. Identity of the person accessing the database is required to be established for the purpose of audit trail.
8. Every company to maintain an independent SDD.
9. PAN and in case PAN not available, any other identifier to be captured in SDD.
10. External software can be used to maintain SDD, provided the same is maintained internally.
11. Companies under CIRP also required to maintain SDD.
  - a. Resolution Professional to ensure compliance with the applicable laws.

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