

09<sup>th</sup> December, 2015

## **CACS UPDATES**

### **Note on System Driven Disclosures in securities market (First Phase)** **(CIR/CFD/DCR/17/2015 -December 01, 2015)**

To provide more transparency to the stakeholders, SEBI introduced system driven disclosure by this systems; depositories automatically generates details about changes in shareholding of listed entities. It will be effective from January 1, 2016 and would be initially for generating information pertaining to acquisition and disposal of shares in a listed company by its promoters/ promoters group.

Entire information as required under the current disclosure obligations is not available in the current systems. So the new system would be implemented in phases. In the first phase, the systems would disclose the changes in shareholding of promoter, promoter group of the listed entities.

The disclosures in the first phase shall pertain to acquisition/disposal of equity shares by promoters/promoter group based on specified thresholds under SAST (Substantial Acquisition of Shares and Takeovers) Regulations and PIT (Prohibition of Insider Trading) Regulations and pledge of equity shares by promoters/promoter group under the SAST Regulations.

After the implementation of first phase, subsequent phase would be implemented to include information for non-promoters and instruments other than equity shares. The disclosures generated through the system would have to be displayed separately from the regular disclosures filed with the exchanges.

#### **Steps for Implementation of first phase**

1. According to SEBI first step would be to build an accurate database of the existing holdings of all the promoters/ promoters group at ISIN (International Securities Identification Number) level.
2. The listed company through its RTA will be required to provide information about their promoters to the depositories. And the company should provide this information to the RTA within 15 days from the date of this circular.
3. Based on the PAN numbers, the depositories will tag such demat accounts in their depository systems at ISIN level as of the promoters. In case of any subsequent changes in shareholding, the company through RTA would provide the information of the new promoter to the depositories.

4. The respective depositories will generate the required information and send it to the RTAs on a daily basis at the end of each working day.
5. RTAs will then aggregate the dematerialised shareholding data received from both the depositories and the physical shareholding of promoters. And in case, this aggregate shareholding exceeds the specified percentage or value, the RTA will generate report and provide it to the respective stock exchange.
6. After that, the stock exchanges will disseminate the data on its website.
7. The RTA will cross check the disclosures made by the promoter with the disclosures generated by the systems so that in case of any discrepancies, an appropriate action shall be taken.

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**Suggestions may be sent to [rupesh@cacsindia.com](mailto:rupesh@cacsindia.com)**

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