

**Consultation on Draft Circular on Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons**

**1. Objective:**

This consultation paper is issued to seek comments from the members of public on the draft circular on Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons, on account of declaration of financial results. This is with the objective to ease compliance and to prevent inadvertent non-compliance of the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (***PIT Regulations***).

**2. Background:**

2.1. Clause 4(1) of Schedule B read with Regulation 9 of PIT Regulations, *inter-alia* restricts trading by Designated Persons (DPs) and their immediate relatives during the period when trading window is closed. The relevant extract of clause 4(1) of Schedule B read as ‘..... *Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.*’

2.2. With the objective of improving ease of doing business and preventing inadvertent non-compliance of the aforesaid clause, SEBI issued Circular No. SEBI/HO/ISD/ISD-SEC-4/P/CIR/2022/107<sup>1</sup> dated August 05, 2022, laying down a framework to restrict trading by DPs by way of freezing the PAN at security level during Trading Window Closure period. The aforesaid freezing of the PAN at security level would be carried out by the Stock Exchanges and Depositories based on the information provided by the listed company. Initially, this PAN freeze framework was made applicable for trading window closure on account of declaration of financial results of listed companies that were part of benchmark indices i.e. NIFTY 50 and SENSEX.

---

<sup>1</sup> Circular was rescinded and superseded vide Section 3.4.2 of SEBI’s Master Circular [SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/126](#) dated September 23, 2024

2.3. Subsequently, SEBI, vide circular no. SEBI/HO/ISD/ISDPoD-2/P/CIR/2023/124<sup>2</sup> dated July 19, 2023, extended the aforesaid framework to restrict trading by Designated Persons during Trading Window Closure period, to all listed companies, in a phased manner.

**3. Proposal to extend Automated implementation of Trading Window Closure for Immediate Relatives of Designated Persons of listed companies, on account of declaration of financial results:**

3.1. In the first phase, the framework was made applicable for designated persons of all listed companies. This has reduced the compliance requirements of listed entities and eliminated inadvertent trading during trading window closure. Considering the effective implementation of the framework, it is proposed to extend the aforesaid framework to immediate relatives of designated persons.

3.2. As per regulation 2(1)(f) of PIT Regulations, *“immediate relative” means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.*

3.3. Comments/suggestions are invited from public on the draft circular titled ***“Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”) – Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons”***, placed as **Annexure I** to the consultation paper.

1.1. The comments/ suggestions may be submitted latest by **February 28, 2025**, through online mode at the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

---

<sup>2</sup> Circular was rescinded and superseded vide Section 3.4.2 of SEBI’s Master Circular [SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/126](https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes) dated September 23, 2024

The instructions to submit comments through the online mode are as under:

### **INSTRUCTIONS FOR PROVIDING COMMENTS**

1. Before initiating the process, please read the instructions given on top left of the web form as “Instructions”;
2. Select the consultation paper you want to comment upon from the drop-down under the tab – “Consultation Paper” after entering the requisite information in the form;
3. All fields in the form are mandatory;
4. Email Id and phone number cannot be used more than once for providing comments on a particular consultation paper.;
5. If you represent any organization other than the types mentioned under dropdown in “Organization Type”, please select “Others” and mention the type, which suits you best. Similarly, if you do not represent any organization, you may select “Others” and mention “Not Applicable” in the text box;
6. There will be a dropdown of proposals in the form. Please select the proposals one-by-one and for each of the proposal, please record your level of agreement with the selected proposal. Please note that submission of agreement level is mandatory;
7. If you want to provide your comments for the selected proposal, please select “Yes” from the dropdown under “Do you want to comment on the proposal” and use the text boxes provided for the same;
8. After recording your response to the proposal, click on “Submit” button. System will save your response to the selected proposal and prompt you to record your response for the next proposal. Please follow this procedure for all the proposals given in the dropdown;
9. If you do not want to react on any proposal, please select that proposal from the dropdown and click on “Skip this proposal” and move to the next proposal.
10. After recording your response to all the proposals, you may see your draft response to all of proposals by clicking on “Check your response before submitting” just before submitting response to the last proposal in the dropdown. A pdf copy of the response can also be downloaded from the link given in right bottom of the web page.;
11. The final comments shall be submitted only after recording your response on all of the proposals in the consultation paper.

In case of any technical issue in submitting your comment(s) through the web based public comments form, you may email your comment(s) to **pit\_isd@sebi.gov.in**. While sending the email, kindly mention the subject as “**Comments on Draft Circular on**

**Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons on account of declaration of financial results”**

Division of Policy - 2, Integrated Surveillance Department  
Securities and Exchange Board of India  
SEBI Bhavan II, Plot No. C-7, “G” Block,  
Bandra Kurla Complex Bandra (East), Mumbai -400 051.

**Issued on: February 07, 2025**

DRAFT CIRCULAR

SEBI/HO/ISD/ISD-PoD-2/P/CIR/2025/XXX

XXXX XX, 2025

To

All Recognized Stock Exchanges

All Depositories

All Listed Companies

Dear Sir/Madam,

**Sub: Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”) – Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons.**

1. Clause 4 (1) of Schedule B read with Regulation 9 of PIT Regulations, *inter alia*, states that “*Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring the trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of UPSI. Such closure shall be imposed in relation to such securities to which such UPSI relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed*”.
2. One of the instances of closure of trading window is provided in clause 4 (2) of Schedule B read with regulation 9 of PIT Regulations, which *inter alia* states that “*trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.....*”.

3. In order to ease the compliance with Clause 4 of Schedule B read with Regulation 9 of PIT Regulations, to prevent inadvertent non-compliances of provisions of PIT Regulations by designated persons (“**DPs**”), clause 3.4.2 of the *Master Circular on Surveillance of Securities Market*<sup>3</sup> dated September 23, 2024 requires the Stock Exchanges and Depositories to develop a system to restrict trading by DPs of listed companies during trading window closure period by freezing of PAN of DPs at security level. The Circular provides the procedure for implementation of the system and flow chart depicting the process to be followed by the listed companies, Depositories and the Stock Exchanges.
4. Considering the effective implementation of the framework to DPs of listed companies and the consultations held with the Stock Exchanges and Depositories, the above framework is hereby extended to immediate relatives of DPs for listed companies.
5. The procedure for implementation of the system is enclosed at **Annexure- A**. The flowchart for the same is enclosed at **Annexure- B**.
6. This circular shall come into force from the quarter ending XXXX XX, 2025.
7. The Depositories and Stock Exchanges are directed to:
  - a. take necessary steps to implement this circular;
  - b. bring the provisions of this circular to the notice of all listed companies and also disseminate the same on their websites.
8. The Depositories shall submit the quarterly report to SEBI in the format placed at **Annexure- C**.
9. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Regulations 4(3) and 11 of the PIT Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

---

<sup>3</sup> SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/126

10. A copy of this circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the Category "Legal→Circulars".

Yours faithfully,

**Enclosures:**

1. Procedure for implementation of the system – Annexure A.
2. Process flow chart – Annexure B.
3. Quarterly reporting format by the Depositories - Annexure C

**Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“*PIT Regulations*”) – Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons.**

**Process for implementation of the system:**

1. The Designated Depository (“**DD**”) appointed by the listed company pursuant to the SEBI Circular No. SEBI/HO/CFD/DCR1/CIR/P/2018/85 dated May 28, 2018 shall enable access to the respective listed company on the portal/ platform.
2. Upon login, DD shall auto-populate PAN and name of the DPs and their demat account number / DP ID and client ID (only in case of PAN exempt cases) as per the last updated or available information under system-driven disclosure uploaded by the listed company with DD in terms of SEBI Circular No. SEBI/HO/ISD/ISD/CIR/P/2020/168<sup>4</sup> dated September 09, 2020. Listed company to provide details of Immediate Relatives of respective DPs as per format prescribed by DD.
3. The listed company shall confirm to the DD details with respect to listed ISIN of equity share of the company, Name, PAN, and confirm the demat account number viz. DP ID and client ID (in case of PAN exempted cases) of DPs and their immediate relatives. In the event any updation is required to the aforementioned details, the listed company shall take necessary steps as per para 10 below.
4. DD shall provide a facility to the listed company to specify the ‘Trading Window Closure Period’ i.e. ‘Commencement Date’ and ‘End Date’ on portal/platform.
  - 4.1. With respect to financial results, the listed company shall specify the 1<sup>st</sup> day (T- day) immediately after the end of every quarter for which results

---

<sup>4</sup> Circular was rescinded and superseded vide section 3.4.2 of Master Circular on Surveillance of Securities Market SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/126 dated September 23, 2024.



are to be announced, as 'Trading Window Closure commencement date' and the date on which 48 hours ends post disclosure of financial results, as 'Trading Window Closure End date' in the portal/platform.

5. The listed company shall provide the aforesaid details atleast 2 trading days prior to the commencement of trading window closure date (T-2 days). For example, for financial results for the quarter ending December 31, 2024, the listed company shall confirm the details by December 30, 2024.
6. DD shall provide the details received from the listed company (i.e. Commencement Date and End Date of the trading window closure period, Name and PAN of DPs and their immediate relatives, ISIN, etc.) to the Stock Exchanges and other Depository atleast 1 trading day prior to the commencement of trading window closure commencement date (T-1 day). For example, for financial results for the quarter ending December 31, 2024, the DD shall provide the details by December 30, 2024. Further, during the trading window closure period, DD shall also provide the aforesaid details and changes therein, if any, to the Stock Exchanges and other Depository on a daily basis.
7. The demat accounts shall be identified by the Depositories based on the PAN of the immediate relatives of DP as sole / joint holder.
8. Based on demat accounts identified as per para 7 above and instruction given by listed company as per paras 3 and 4 above, the off-market transactions and creation of pledge shall be restricted by the Depositories with reason code as "Trading Window Closure Period".
9. On the basis of data received from the Depositories, the Stock Exchanges shall restrict the on-market transactions of immediate relatives of DP in equity shares and equity derivatives contracts of the listed company from T day i.e. Commencement Date of trading window closure period. As per the example mentioned above, Commencement Date of trading window closure period shall be January 01, 2025, for the quarter ending December 31, 2024.

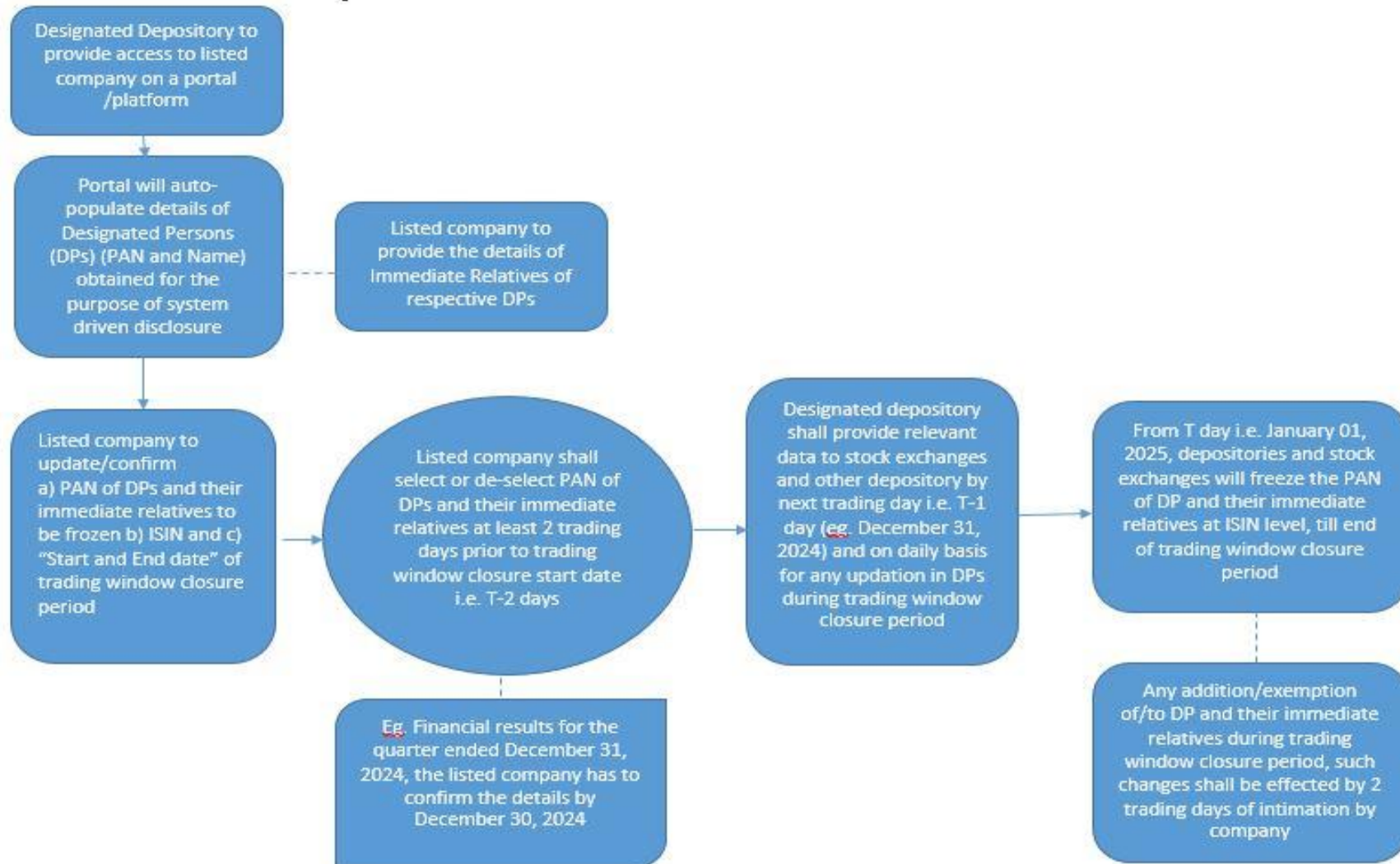
10. In case of any addition/deletion/updation pertaining to the details of DP and their immediate relatives, the listed company has to follow the procedure specified in terms of SEBI Circular No. SEBI/HO/ISD/ISD/CIR/P/2020/168<sup>5</sup> dated September 09, 2020 and shall be required to separately provide the details as mentioned at paras 3 and 4 above. Such instances shall be effected within 2 trading days of receipt of intimation from the listed company. For example, assuming the trading window closure period is January 01-15, 2025 and if the listed company adds any DP and their immediate relatives on January 10, 2025, then the change, i.e. freeze shall be effected on or before January 12, 2025.
11. There shall be provision in the system to specify the details of DP and their immediate relatives to be exempted by listed company from Trading Window restriction in terms of Clause 4 (3) of Schedule B read with regulation 9 of PIT Regulations. In such cases, the restriction shall be removed within 2 trading days from the date of receipt of request from the listed company. As per the example given at para 10 above, if the listed company provides exemption to any DP and their immediate relatives on January 11, 2025, then the change i.e. de-freeze shall be effected on or before January 13, 2025. The restriction shall be re-introduced automatically post lapse of the exemption period or completion of the transaction by the DP and their immediate relatives.
12. The freezing/de-freezing of PAN at the security level on account of changes due to addition or deletion will be effected post market hours.
13. Pay-in and pay-out obligations in respect of transactions, if any, taken place prior to freezing the PAN of immediate relatives of DP at the security level, may be permitted to be settled, squared off or closed out, as the case may be.
14. The formats and timelines for sharing of data shall be standardized, as agreed upon by the Depositories and Stock Exchanges. Further, operational guidelines for listed companies shall be issued by the Depositories.

---

<sup>5</sup> Circular was rescinded and superseded vide section 3.4.2 of Master Circular on Surveillance of Securities Market SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/126 dated September 23, 2024.

15. In case of any discrepancy, the issue shall be resolved by the Depositories, in coordination with Stock Exchanges and listed company.

**Process Flow Chart**



**Annexure - C**

**Report by Depositories for implementation of framework for automated trading window closure to immediate relatives of Designated Persons.**

<b>Sr.No</b>	<b>Particulars</b>	<b>Count</b>
1	Total number of listed companies which have appointed the Depository (NSDL/CDSL) as Designated Depository (DD).	
2	Total number of listed companies on which implementation of framework for automated trading window closure to immediate relatives of Designated Persons ("DP") was made applicable.	
3	Total number of unique and valid PAN's immediate relatives of DP provided by listed companies for implementation of automated trading window closure, at the end of the quarter.	
4	Total number of demat accounts in which automated trading window closure of the immediate relatives of DP was carried out.	
5	Total number of exemptions given to immediate relatives of DP as per PIT Regulations from automated trading window closure.	

Depositories shall be required to separately provide the details as mentioned above in the quarterly report submitted to SEBI.

\*\*\*\*\*