



# Preventing insider trading: KPMG in India offerings

Compliance with Securities and Exchange Board of India  
(Prohibition of Insider Trading) Regulations, 2015



## Insider trading – a harsh reality

Insider trading is viewed as a serious crime as it breaches the underlying trust among stakeholders in a free and fair capital market. However, insider trading violations and leakage of unpublished price sensitive information (UPSI) have become increasingly common, even though the consequences can be severe and cause reputational damage.

In recent years, Securities and Exchange Board of India (SEBI) brought about wide-ranging regulatory amendments to enhance compliance related to prevention of insider trading (PIT) to make market manipulations easily identifiable and to ensure a fair and level playing field in the Indian capital markets.

## Challenges brought on by changing regulations

- Frequently evolving regulations require greater agility
- Submission of Structured Digital Database (SDD) compliance certificate on quarterly basis
- System driven disclosures and regular updates to stock exchanges for changes to list of designated persons
- Sensitising employees and other insiders on the norms and leading practices at regular intervals
- Setting up appropriate and adequate internal controls to ensure compliance
- Leveraging digital technology to comply with the amended Regulations
- Fiduciaries and intermediaries are now required to formulate codes of conduct and implement an adequate system of internal controls.

## Our offerings

01

**KPMG Trading  
Compliance  
Manager including  
maintenance of  
digital database**



02

**Instructor-led/  
virtual trainings  
and e-learning  
course on trading  
compliance**



03

**Review/  
preparation  
of policies and  
procedures**



04

**UPSI controls  
gap assessment**



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## KPMG Trading Compliance Manager including maintenance of digital database

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KPMG Trading Compliance Manager is an in-house web-based tool for automating reporting, approvals, disclosures relating to company securities; whilst maintaining a digital database and strengthening internal controls with respect to PIT.

### Key features

- Framework for submission, tracking and archival of all trade requests requiring pre- approval
- Regular alerts to analyse, identify and escalate potential threats
- Interactive and customisable dashboards
- MIS reports
- Benpos Reconciliation
- Repository for details of parties with whom UPSI has been shared – time stamped with an audit trail.

### Potential benefits

- Easy analysis, identification and escalation of potential threats through this tech-enabled solution with automated workflows
- Intelligent monitoring of insider trades.

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## Review/preparation of policies and procedure

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KPMG in India assists corporates in setting up controls, preparation of policies and procedures to prevent insider trading. Our approach includes:

- Review/preparation of Company's codes/policies/procedures pertaining to insider trading
- Identifying gaps as per the amended regulations and best practices
- Providing recommendations basis the gaps identified and assistance with streamlining codes/policies/procedures as per SEBI (PIT) Regulations, 2015.

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## Instructor-led/virtual trainings and e-learning course on trading compliance

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The changing regulatory environment necessitates that companies ensure awareness and understanding among employees/insiders not just on the key legal concepts related to PIT and the need for compliance, but also on their roles and responsibilities, including their obligation to report violations, if any.

The course covers common workplace scenarios and sensitises employees on the key concepts of insider trading including UPSI; possible leakages; their roles and responsibilities as an insider and compliance with the law.

### E-learning course highlights

- Practical insights covering key concepts of PIT
- Interactive case studies
- Self-assessment based modules
- Concise course duration to keep it interesting yet effective.

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## UPSI controls gap assessment

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Our experienced professionals assist companies in identifying areas of possible UPSI leakages and setting up adequate controls to prevent them. Our approach includes:

- Interviewing process owners/heads of departments to understand and identify safeguards for insider trading
- Identifying gaps in the existing financial statements closure process that could expose the company to risk of leakage of UPSI
- Reviewing process of sharing information with auditors, consultants and other outsiders for legitimate purposes
- Reviewing IT and physical infrastructure to protect UPSI
- Providing recommendations for mitigating the risks identified.

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