THE GAZETTE OF INDIA

EXTRAORDINARY

PART –III – SECTION IV

PUBLISHED BY AUTHORITY

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 20th day of November, 2003

Securities and Exchange Board of India

(Central Database of Market Participants) Regulations, 2003

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F. No. SEBI/LE/26/2003 - In exercise of the powers conferred by section 30 read with sections 11, 11A, 12 and 19 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations, namely :—

Chapter I

PRELIMINARY

Short Title and Commencement.

1. (1) These Regulations may be called Securities and Exchange Board of India (Central Database of Market Participants) Regulations, 2003.

(2) These Regulations shall come into force on such date as may be specified by the Board:

Provided that different dates may be specified for different provisions of these regulations and any reference in any such provision to the commencement of these regulations shall be construed as a reference to the commencement of that provision.

Definitions.

2. (1) In the Regulations, unless the context otherwise requires :—

(a) 'Act' means the Securities and Exchange Board of India Act, 1992;

(b) 'associate' in relation to an intermediary or a listed company means a person :

(i) who, directly or indirectly, by himself or in combination with his

relatives exercises control over the intermediary or listed company or has a holding of not less than 15% in the paid up equity capital of the intermediary or the listed company;

(ii) in respect of whom the intermediary or listed company directly or indirectly exercises control;

(iii) whose director or partner is also a director or partner of the intermediary or listed company.

Explanation.—For the purposes of this clause—

(i) 'control' means control as defined in clause (*c*) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

(ii) 'director' does not include a nominee director;

(iii) 'person' means a natural person, a company registered under the Companies Act, 1956, a body corporate, a partnership concern, a trust or society registered under the Societies Registration Act, 1860 or any other legal entity.

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(c) 'Board' means the Securities and Exchange Board of India established under section 3 of the Act;

(d) 'Central Database' means the electronic representation and storage of information that may be created and maintained by a Designated Service Provider in respect of the persons who have been allotted unique identification numbers under these regulations;

(e) 'Central Listing Authority' means the Central Listing Authority established under regulation 3 of the Securities and Exchange Board of India (Central Listing Authority) Regulations, 2003;

(f) 'Designed employee' in relation to a listed company or a company which intends to get its securities listed means a designated employee within the meaning of the *Explanation* to clause 1.2 of Part A of Schedule I to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(g) 'Designated Service Provider' means a person so designated by the Board to create and maintain the Central Database on such terms and conditions as may be agreed to between him and the Board and to perform such other functions under these regulations as may be delegated to him by the Board;

(h) 'intermediary' means any person who is registered with the Board under section 12 of the Act, but does not include [1][Foreign Institutional Investors and] Foreign Venture Capital Investors;

(i) 'investor' means an investor in securities and includes a [2][Foreign Portfolio Investor] and a Foreign Venture Capital Investor;

(j) 'listed company' means a company whose securities are listed on a recognised stock exchange and includes a public company which intends to get its securities listed on a recognized stock exchange;

(l) 'market participants' means intermediaries, other entities, investors, listed companies and companies which intend to get their securities listed;

(m)'other entity' means any recognised stock exchange, clearing corporation, approved intermediary under the Securities Lending Scheme, 1997, investor associations and includes any other person granted recognition by the Board, any person required to obtain any license or approval from any self-regulatory organization and any other person associated with the securities market in any manner as may be notified by the Board in the official gazette;

(n) 'promoter' means—

(1) any person or persons who are directly or indirectly in control of the company; or

(2) any person or persons named as 'promoters' in the offer document or in the shareholding pattern disclosed by the Company under provisions of the Listing Agreement, whichever is later;

and includes,

(A) where such person is an individual,

(i) [3][***]

(ii) any company in which 26% or more of the equity share capital is held by him [4]**[*****]** or any firm or Hindu Undivided Family in which he [5]**[*****]** is a partner or member;

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[1] Words "Foreign Institutional Investors and" omitted by the SEBI (Foreign Portfolio Investors) Regulations, 2014, w.e.f. 7-1-2014.

[2] Substituted for "Foreign Institutional Investor" by the SEBI (Foreign Portfolio Investors) Regulations, 2014, w.e.f. 7-1-2014.

[3] Words "his spouse, parents, brothers, sisters or children" omitted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

4 Words "or by the persons mentioned in sub-clause (i)" omitted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-72004.

5 Words "or any of the persons mentioned in sub-clause (i)" omitted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

(iii) any company in which a company specified in sub-clause (*ii*) above, holds more than 50% of the equity share capital;

[1]**[**(*iv*) *any firm in which his holding is more than 50%;***]**

(B) where such person is a body corporate,

(i) a subsidiary or holding company of that body corporate;

(ii) any company in which the said body corporate holds 26% or more of the equity share capital;

(iii) any company which holds 26% or more of the equity share capital of the said body corporate;

(iv) any company in which a group of persons holds 26% or more of the equity share capital and that group of persons also holds 26% or more of the equity share capital in such body corporate;

(v) any other body corporate under the same management as the said body corporate within the meaning of sub-section (1B) of section 370 of the Companies Act, 1956;

Explanation I.—A Financial Institution, Scheduled Commercial Bank, [2][Foreign portfolio Investor] or Mutual fund shall not be deemed to be a promoter merely by virtue of its shareholding.

Explanation II.—A Financial Institution, Scheduled Commercial Bank or [3][Foreign portfolio Investor] shall be deemed to be a promoter of its subsidiary and of the mutual funds sponsored by it.

(o) 'recognised stock exchange' means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956;

(p) 'relative' in relation to a natural person means his spouse, dependant children and dependent parents;

(q) 'related persons' means the persons specified in clause (*b*) of sub-regulation (1) of regulation 4 in respect of an intermediary or other entity and persons specified in clause (*b*) of regulation 5 in respect of a listed company or a company intending to get its securities listed;

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[1] Substituted, by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004. Prior to its substitution, item (iv) read as under:- "(iv) any firm in which the aggregate of his holding and the holdings of the persons mentioned in sub-clause (i) is more".

[2] Substituted for "Foreign Institutional Investor" by the SEBI (Foreign Portfolio Investors) Regulations, 2014, w.e.f. 7-1-2014.

[3] Substituted for "Foreign Institutional Investor" by the SEBI (Foreign Portfolio Investors) Regulations, 2014, w.e.f. 7-1-2014.

(r) 'Schedule' means a Schedule annexed to these regulations;

(s) 'securities' means securities as defined in clause (*h*) of the Securities Contracts (Regulation) Act, 1956;

(t) 'self-regulatory organization' means an organization of intermediaries which is representing a particular segment of the securities market and formed as a company duly recognized with the Board and excludes a stock exchange;

(u) 'specified intermediaries' mean such intermediaries or other entities as may be specified by the Board in the notification published in the official gazette pursuant to sub-regulation (1) of regulation 4;

(v) 'specified investors' mean such investors as may be specified by the Board in the notification published in the official gazette pursuant to [1]**[***sub-regulations (1), (2) or (3) of regulation 6***]**;

(w) 'specified listed company' means such companies as may be specified by the board in the notification published in the official gazette pursuant to regulation 5; and

(x) unique identification number means the identification number generated in the Central Database for and allotted to each applicant under these regulations.

(2)(*a*) Words and expressions used and not defined in these regulations shall have the meanings, if any, respectively assigned to them under the Act.

(b) Words and expressions used and not defined either in these regulations or the Act, shall have the meanings, if any, respectively assigned to them in the Securities Contracts (Regulation) Act, 1956 or any statutory modification or re-enactment thereof.

(c) Words and expressions used and not defined either in these regulations, or in the Act or in the Securities Contracts (Regulation) Act, 1956 shall have the meanings, if any, respectively assigned to them under the Companies Act, 1956, or any statutory modification or re-enactment thereof.

Chapter II

REQUIREMENT OF OBTAINING UNIQUE IDENTIFICATION NUMBERS

Unique Identification Numbers for market participants

3. Every specified intermediary, other entity, specified listed company and specified investor shall make application for allotment of unique identification numbers for itself and for its related persons in accordance with these regulations.

[1] Substituted for "sub-regulation (1) of regulation 6" by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

Specified intermediary and other entity to obtain unique identification numbers

4. (1) On and from such date as may be notified by the Board in the official gazette, no specified intermediary or other entity shall act as such, unless—

(a) it has obtained a unique identification number from the Designated Service Provider; and

(b) the following related persons have been allotted unique identification numbers by the Designated Service Provider :

(i) its principal officer and personnel engaged in the operational activities of the intermediary for which a certificate of registration is required or taken from the Board;

(ii) its promoters, other than the Central or State Government or any statutory authority;

(iii) its directors, in case it is a body corporate;

(iv) its partners, in case it is a partnership firm;

[1]**[**(*v*) *in case of a stock broker, any approved user of the terminals allotted to him by the stock exchange, including terminals installed through Computer to Computer Link (CTCL) connectivity or any other means of connectivity approved by the stock exchange, which facilitates access to trading system of the exchange, except his sub-broker;***]**

(*vi*) the sponsors, trustees, asset management companies and asset managers, where applicable;

[2]**[***(*vi-a*)the directors and personnel engaged in the operational activities of asset management companies; and***]** (*vii*) its proprietor, where applicable; [3]**[*****]**

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[1] Substituted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004. Prior to its substitution, sub-clause (v) read as under :-

"(v) its associates and their directors;"

2 Inserted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

3 Word "and" omitted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

(*viii*) [1]**[*******]**.

[2]**[**Explanation.—*For the purposes of sub-clauses (*i*) and (*vi-a*), the words 'personnel engaged in the operational activities' shall mean the employees comprising the top three tiers of management excluding the Board of Directors engaged in the operational activities of the specified intermediary and such other employees as may be identified by the intermediary:***]**

Provided that such person may continue to act as an intermediary or other entity if it has made applications for allotment of unique identification number under regulation 7 before the notified date and where such application has been rejected by the Board, an appeal has been filed and such appeal is pending for disposal.

(2) Every certificate of registration issued to a specified intermediary by the Board after commencement of these regulations shall be subject to the condition that prior to commencement of its activities, the intermediary shall obtain a unique identification number for itself and for the persons mentioned in clause (*b*) of sub-regulation (1) in accordance with these regulations.

Specified listed company to obtain unique identification number

5. On and from such date as may be notified by the Board in the official gazette, no specified listed company or a company which intends to get its securities listed shall issue any securities which are proposed to be listed on a recognized stock exchange, unless—

(a) it has obtained a unique identification number from the Designated Service Provider; and

(b) the following related persons have been allotted unique identification numbers by the Designated Service Provider:

(i) its promoters, other than the Central or State Government or any statutory authority;

(ii) its directors and officers;

(iii) its designated employees;

(iv) its subsidiaries, its holding company and the holding company's subsidiaries, if any;

(v) its associates and their directors; and

(vi) relatives of the natural persons mentioned in sub-clauses (*i*) to (*iii*) and (*v*) above :

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[1] Sub-clause (viii) omitted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004. Prior to omission, it read as under: "(viii) relatives of the natural persons mentioned in sub-clauses (i) to (vii) above:"

2 Inserted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004

Provided that a specified listed company may, make an issue of securities which are proposed to be listed in any recognized stock exchange if it has made an application for allotment of unique identification number before the notified date, till the disposal of the application and where an appeal has been filed, till such appeal is disposed of.

[1][Power of the Board to extend time in respect of related persons

5A.(1) *Where the Board is satisfied that it is necessary, in order to prevent genuine hardship, that the time for obtaining unique identification numbers has to be extended beyond the date notified under regulations 4 or 5, as the case may be, in respect of any class of related persons of specified intermediaries or specified listed companies, it may by notification in the Official Gazette, specify a date within which such class of related persons ought to obtain unique identification numbers.*

(2) *Where any person belonging to such class of related persons does not obtain unique identification number within the date notified under sub-regulation (1), the prohibitions contained in sub-regulation (1) of regulation 4 or regulation 5, as the case may be, shall apply to the concerned specified intermediary or specified listed company.***]**

Specified investors to obtain unique identification numbers

6. (1) On and from such date as may be notified by the Board in the Official Gazette, no specified investor, not being a body corporate, shall buy, sell or deal in any securities which are listed on any recognized stock exchange or in units of a mutual fund or a collective investment scheme or subscribe to securities which are proposed to be listed in any recognized stock exchange or units of a mutual fund or a collective investment scheme unless he has been allotted a unique identification number.

(2) On and from such date as may be notified by the Board in the Official Gazette, no specified investor being a body corporate shall buy, sell or deal in any securities which are listed on any recognized stock exchange or in units of a mutual fund or a collective investment scheme or subscribe to securities which are proposed to be listed in any recognized stock exchange or units of a mutual fund or a collective investment scheme unless such specified investor, its promoters and directors have been allotted unique identification numbers.

(3) On and from such date as may be notified by the Board in the Official Gazette, no specified investor, being a [2][Foreign portfolio Investor], a sub-account or a Foreign Venture Capital Investor shall buy, sell or deal in any securities which are listed on any recognized stock exchange or in units of a mutual fund or a collective investment scheme or subscribe to securities which are proposed to be listed in any recognized stock exchange or units of a mutual fund or a collective investment scheme unless it has been allotted a unique identification number.

(4) No intermediary shall, after such specified date, deal in or allot such securities on behalf of or to a specified investor unless the investor has been allotted a unique identification number.

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1 Inserted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004

[2] Substituted for "Foreign Institutional Investor" by the SEBI (Foreign Portfolio Investors) Regulations, 2014, w.e.f. 7-1-2014.

(5) Nothing in this regulation shall apply to any specified investor who has applied for allotment of a unique identification number under regulation 9 before the notified date, till the disposal of his application or, where he has filed an appeal, till the disposal of the appeal, as the case may be.

Application by specified intermediary or other entity

7. Every specified intermediary or other entity shall make an application in accordance with [1]**[***sub-regulation (1) or sub-regulation (2), as the case may be, of regulation 12***]** to the Designated Service Provider for allotment of unique identification numbers for itself and for its related persons.

Application by specified listed company

8. (1) Every specified listed company shall make an application to the Designated Service Provider in accordance with [2]**[***sub-regulation (1) or sub-regulation (2), as the case may be, of regulation 12***]** for allotment of unique identification numbers for itself and for its related persons.

(2) Every public company specified in the notification issued under regulation 5 and which intends to get its securities listed in a recognized stock exchange shall make an application to the Designated Service Provider for allotment of unique identification numbers for itself and for the related persons mentioned in [3]**[**clause (*b*) of regulation *5***]** simultaneously with the filing of the offer document with the Central Listing Authority.

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Application by specified investor

9. Every specified investor shall make an application to the Designated Service Provider in accordance with [4]**[***sub-regulation (1) or sub-regulation (2), as the case may be, of regulation 12***]** for allotment of a unique identification number.

Person holding a unique identification number not required to obtain another unique identification number

10. Notwithstanding anything contained in these regulations, no person shall be obliged to apply for or be allotted another unique identification number, if he already holds a unique identification number allotted to him under these regulations in any other capacity :

Provided that where any person holding a unique identification number subsequently becomes an intermediary or a listed company or a related person of any of them, he shall disclose such fact to the Designated Service Provider.

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[1] Substituted for "sub-regulation (1) of regulation 12" by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

2 Substituted for "sub-regulation (2) of regulation 12" by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

3 Substituted for "clause (b) of regulation 4", by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

4 Substituted for "sub-regulation (3) of regulation 12", by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

Maintenance of records

11. The Designated Service Provider shall maintain such books, records and documents, in such manner and for such period as may be specified by the Board.

Chapter III

GRANT AND REVOCATION OF UNIQUE IDENTIFICATION NUMBERS

Format of application

12. (1) Every application made by a specified investor or a related person of a specified intermediary or specified listed company being a natural person, under regulation 7, 8 or 9, as the case may be, shall be in Form A specified in the Schedule and shall be accompanied with a fee as specified in the notifications issued under regulations 4, 5 or 6, as the case may be.

(2) Every application made by a specified listed company, specified intermediary, a related person of any of the above or a specified investor, not being a natural person, under regulation 7, 8 or 9, as the case may be, shall be in Form B specified in the Schedule and shall be accompanied with a fee as specified in the notifications issued under regulations 4, 5 or 6, as the case may be.

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Procedure on receipt of application

13. (1) Upon receipt of an application for allotment of unique identification number under these regulations, the Designated Service Provider shall, if the application is not found defective, allot to the applicant a unique identification number within thirty days of receipt of the application.

(2) Where it is found that any such application is defective, the Designated Service Provider may intimate the defect to the applicant and give it an opportunity to rectify the defect within a period of fifteen days from the date of such intimation or within such further period which the Board may allow on a request made in this behalf.

(3) Where any defect in the application is intimated under sub-section (2) and the defect is not rectified by the applicant within the said period of fifteen days or, as the case may be, further period allowed under sub-regulation (2), then, notwithstanding anything contained in any other provision of this Chapter, Designated Service Provider shall refer the application to the Board, which may either direct the Designated Service Provider to allot the unique identification number or reject the application after giving an opportunity to the applicant to make representations.

Criteria to determine specified intermediaries, specified listed companies and specified investors

14. For the purposes of specifying the intermediaries, listed companies or investors under subregulation (1) of regulation 4 or regulation 5 or sub-regulation (1) of regulation 6, the Board may take into consideration the following factors :

(a) with regard to intermediaries or other entities-their kind and the nature of functions performed by them, their networth and other similar factors;

(b) with regard to listed companies or companies which intend to get their securities listed-their paid up capital, the number of their public shareholders, the volume of trading in their securities, the proposed issue size and other similar factors; and,

(c) with regard to investors - the quantum of investment made by them in the securities of any listed company or their volume of trading in securities in a particular financial year.

Duty not to make false statements and revocation of unique identification number

15. (1) No person shall make a false statement or misrepresent any fact in any application made to the Designated Service Provider under these regulations.

(2) Every application made to the Designated Service Provider under these regulations and every intimation made under regulation 17 shall be certified to be true and correct:

(a) in case of an intermediary, by its whole time director, managing partner, managing trustee or sole proprietor, as the case may be, and by its compliance officer;

(b) in case of a listed company, by its whole time director and its company secretary or auditor, and

(c) in case of an investor, by him.

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Revocation of unique identification number

16. (1) Where it is found that the unique identification number was obtained by a person through fraud or misrepresentation or was allotted to him under a mistake, the Board may, without prejudice to other action that it may take under any law for the time being in force and after giving him an opportunity of making representations, revoke the unique identification number allotted to him or to the related persons.

(2) Upon revocation of the unique identification number of a person, the provisions of these regulations shall apply from the date of revocation, as if no unique identification number was allotted to him.

(3) Every order passed by the Board under these regulations shall be in writing.

[1][Power of the Board to issue clarifications

16A. *In order to remove any difficulties in the application or interpretation of these regulations, the Board may issue clarifications and guidelines in the form of circulars or notes.***]**

1 Inserted by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, vide S.O. No. 854(E) dated 21-7-2004.

Chapter IV

CONTINUING OBLIGATIONS

Duty to intimate changes

17. (1) Every person who has been allotted a unique identification number under these regulations shall intimate the changes if any, in the particulars submitted by him in the application, to the Designated Service Provider, in such electronic or other manner as may be specified by the Board, within thirty days of occurrence of the change.

(2) Every intermediary shall exercise due diligence so satisfy itself that its clients, being specified investors, have complied with sub-regulation (1).

Duty to seek unique identification numbers for newly added related persons

18. (1) Every specified intermediary and other entity shall within thirty days of any person becoming a related person, ensure that such person has been allotted or has applied for a unique identification number.

(2) Every specified listed company shall within thirty days of any person becoming a related person, ensure that such person has been allotted or has applied for a unique identification number.

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Chapter V

ACTION IN CASE OF VIOLATION

Action for acting, dealing etc. without obtaining unique identification number

19. Any person who issues any security or buys, sells or deals in any securities in contravention of these regulations shall be liable for—

(a) action under sub-section (4) of section 11 of the Act;

(b) delisting of securities;

(c) being debarred from acting in any capacity in any security market related institution;

(d) such other action as may be deemed appropriate by the Board in the facts and circumstances of the case :

Provided that no such action shall be taken without following the procedure laid down under the relevant rules or regulations.

Action for giving false statement

20. Any person who makes any false statement or misrepresents any fact in any application or other document submitted to the Designated Service Provider shall, without prejudice to any action which may be taken under section 24 of the Act by the Board, be liable for action under section 15HB of the Act.

Action for failure to intimate changes

21. Any person who being required to do so, fails to intimate changes as required in [1]**[**regulation *17***]** shall be liable for action under clause (*b*) of section 15A of the Act.

Action for failure to make application for newly added related persons

22. Any intermediary or listed company who fails to ensure compliance with [2]**[**regulation 18**]** shall be liable for action under section 15HB of the Act.

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G.N. BAJPAI

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

[1] Substituted for " regulation 15" by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, w.e.f. 21-7-2004.

2 Substituted for "regulation 16" by the SEBI (Central Database of Market Participants) (Amendment) Regulations, 2004, w.e.f. 21-7-2004.