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SEBI's PIT Scrutiny Is Moving From Policies to Controls.

What does this mean for the Compliance Officer?

At least 8 PIT-related administrative warnings issued in 2026 to compliance officers and Managing Directors, provide an important indication of the increasing regulatory focus on the effectiveness of internal controls.

Recent observations have covered:

- Trading by Designated Persons.
- Trading while in possession of UPSI.
- Structured Digital Database (SDD) deficiencies.
- Identification and monitoring of persons having access to UPSI.
- Compliance with the Code of Conduct.

While the observations may differ, they point towards one fundamental question:

> **Is the company's PIT framework actually working, or does it exist only on paper?**

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Having a PIT Code Is Not the Same as Having an Effective PIT Framework.

Most listed companies already have:

- PIT Code and SOPs.
- Trading-window controls.
- Pre-clearance mechanisms.
- Structured Digital Database (SDD).

But regulatory scrutiny is increasingly shifting from:

"Does the company have a policy?"

to

"Can the company demonstrate that the policy is effectively implemented?"

> The regulator expects Compliance Officer and Managing Director must ensure that the organisation has adequate systems and internal controls to:

1. Identify UPSI and manage its entire lifecycle.
2. Identify and periodically update Designated Persons.
3. Restrict communication and procurement of UPSI.
4. Maintain confidentiality and appropriate access controls.
5. Maintain accurate and timely SDD records.

> **PIT compliance is not a documentation exercise.**
> **It is a control-driven framework.**

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4 Areas That Demand Greater Attention From Compliance Officers

1 | Designated Person Monitoring

Maintaining a DP list is not enough. Identification must reflect actual roles, functions and access to UPSI. The list must be periodically reviewed and linked to appropriate trading controls, including the applicable immediate-relative framework.

2 | UPSI Identification & Lifecycle Management

Identify where UPSI originates, when it becomes UPSI, who has access to it, how it is shared and when it ceases to be UPSI.

Trading-window closure alone cannot address every UPSI risk.

3 | Structured Digital Database (SDD)

SDD must provide a reliable audit trail of:

- Who had access to UPSI?
- What information was shared?
- When was it shared?
- From whom was it received?

Complete. Accurate. Timely. Consistent with actual UPSI flows.

4 | Trading Controls & Monitoring

The framework must go beyond trading-window closure and cover pre-clearance, trading limits, contra-trade restrictions, post-trade disclosures, trading-data reconciliation, exceptions and relevant pledge / invocation situations.

The objective: Build both preventive and detective controls.

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From Compliance Administrator to PIT Control Owner.

The Compliance Officer cannot be expected to personally monitor every UPSI transaction, every employee and every control.

The role must evolve towards building organisational ownership and ensuring effective oversight.

What should the Compliance Officer do?

1. **Engage HODs:**
   Discuss SOPs and establish accountability across business functions.
2. **Strengthen Systems:**
   Implement mechanisms for UPSI identification, DP monitoring and SDD maintenance.
3. **Conduct Health Checks:**
   Periodically test whether controls are actually working.
4. **Build Awareness:**
   Conduct role-based PIT training for employees and persons having access to UPSI.
5. **Monitor Continuously:**
   Review exceptions, gaps and deviations throughout the year.

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MMJC Analysis

PIT compliance cannot be a **one-time implementation exercise**.

It must be a **continuous, year-round exercise** supported by periodic internal health checks and independent assessments.

The emerging regulatory expectation is clear:

The Compliance Officer should not merely administer the PIT Code. The Compliance Officer should be able to **demonstrate effective oversight of the entire PIT control framework.**

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