Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2025.

Date of Amendment: 11th March 2025

SEBI has issued SEBI (Prohibition of Insider Trading) Regulations, 2025. According to the Amendment Regulations 2025, definition in Regulation 2(1)(n) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 of Unpublished price sensitive information is as follows:

Regulation 2(1)(n) – Unpublished Price Sensitive Information (UPSI) is defined as any information that:

- Relates to a company or its securities.
- Is not generally available to the public.
- Upon becoming generally available, is likely to materially affect the price of the company's securities.

This ensures that insider trading regulations cover all material information that could potentially manipulate the market when it is in the hands of insiders but is not publicly disclosed.

Key Aspects of UPSI Include:

i. **Financial results**: Any information regarding a company's financial performance, including quarterly or annual reports, such as revenue, profit, losses, earnings per share (EPS), etc.

ii. **Dividends**: Any information about the declaration or change in dividends to be paid to shareholders.

iii. **Change in capital structure**: Any event or decision that alters the company's capital base, such as issuing new shares, buybacks, or debt restructuring.

iv. **Mergers, de-mergers, acquisitions, delisting's, disposals and expansion of business**: Information related to major corporate actions like mergers, acquisitions, demergers, delisting's, and strategic decisions about expanding or reducing the scope of the company's business.

v. **Changes in key managerial personnel**: Changes in senior leadership, such as the appointment or removal of the CEO, CFO, or any other key managerial personnel (KMP), excluding changes due to superannuation, end of term, or resignation of statutory auditors or secretarial auditors.

vi. **Change in rating(s), other than ESG rating(s):** Any revisions or updates to the company's credit or equity ratings, excluding Environmental, Social, and Governance (ESG) ratings.

vii. **Fund raising proposed to be undertaken:** Any plans by the company to raise funds, whether through debt issuance, equity offerings, or other means.

viii. Agreements, by whatever name called, which may impact the management or control of the company;

ix. Fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;

x. Resolution plan/ restructuring or one time settlement in relation to loans/borrowings from banks/financial institutions;

xi. Admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;

xii. Initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;

xiii. Action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;

xiv. Outcome of any litigation(s) or dispute(s) which may have an impact on the company;

xv. Giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;

xvi. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Explanation 1- For the purpose of sub-clause (ix):

a. 'Fraud' shall have the same meaning as referred to in Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

b. 'Default' shall have the same meaning as referred to in Clause 6 of paragraph A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Explanation 2 –

For identification of events enumerated in this clause as unpublished price sensitive information, the guidelines for materiality referred at paragraph A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be specified by the Board from time to time and materiality as referred at paragraph B of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable."

Para A & B of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is reproduced here for easy reference.

A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):

1. Acquisition(s) including agreement to acquire, Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in associate company of the listed entity or any other restructuring.

2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.

3. New Rating(s) or Revision in Rating(s)

4.Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s) the outcome of meetings of the board of directors held to consider the following:

a) dividends recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;

b) any cancellation of dividend with reasons thereof;

c) the decision on buyback of securities;

d) the decision with respect to fund raising proposed to be undertaken including by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by the Reserve Bank of India), through further public offer, rights issue, American Depository Receipts/ Global Depository Receipts/ Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method;

e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;

f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;

g) short particulars of any other alterations of capital, including calls;

h) financial results;

i) decision on voluntary delisting by the listed entity from stock exchange(s).

5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.

5A. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:

Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations

6. Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad.

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.) [Senior Management, Auditor and Compliance Officer].

(7A) In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor

(7B) Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities.

(7C) In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director.

(7D) In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).

8. Appointment or discontinuation of share transfer agent.

9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions.

10. One time settlement with a bank.

11. winding-up petition filed by any party / creditors.

12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.

13. Proceedings of Annual and extraordinary general meetings of the listed entity.

14. Amendments to memorandum and articles of association of listed entity, in brief.

15 (a) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet).

(ii) Presentations prepared by the listed entity for analysts or institutional investors meet, post earnings or quarterly calls shall be disclosed to the recognized stock exchanges prior to beginning of such events.

16. The events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code.

17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities.

a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;

b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.

18. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.

19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity.

20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity.

21. Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.

B. **Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):**

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.

2. Any of the following events pertaining to the listed entity:

(a) arrangements for strategic, technical, manufacturing, or marketing tie-up; or
(b) adoption of new line(s) of business; or
(c) closure of operation of any unit, division or subsidiary (in entirety or in piecemeal).

3. Capacity addition or product launch.

4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.

5. Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.

6. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.

7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity.

8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.

9. Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity.

10. Options to purchase securities including any ESOP/ESPS Scheme.

11. Giving of guarantees or indemnity or becoming a surety by whatever named called, for any third party.

12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.

C. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.

D. Without prejudice to the generality of Para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.

Comply with amendments while ensuring compliances of:

S No.	Particulars	Regulation	Time period	Frequency
1	Intimation of Closure of Trading Window	SEBI and Stock Exchanges' Circulars 19.07.2023	1. At least 02 trading days prior to end of the quarter (Pdf) 2. XBRL Within 24 hours of Pdf submission	Quarterly
2	SDD Certificate	Regulation 3(5), 3(6) SEBI(PIT) Regulations, 2015	Within 21 days of end of Quarter	Quarterly

Conclusion

- The **SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2025** mark a significant step towards enhancing the effectiveness of insider trading regulations in India. By expanding the scope of what constitutes Unpublished Price Sensitive Information (UPSI), the amendment seeks to promote a more comprehensive and robust framework for market participants.

- This will foster a fairer and more transparent securities market, ensuring that all investors have equal access to material information before making trading decisions.

- By broadening the definition of UPSI to include a wider range of corporate events and financial situations, the amendment aims to close gaps that could have previously been exploited by insiders. Whether it involves executives, auditors, promoters, or other related parties, the new regulations ensure that no one can exploit confidential or non-public information for personal gain.

- This strengthens the integrity of the securities market, enhances investor confidence, and aligns with global standards for transparency and fairness in capital markets.