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## **Amendments in Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”)**

Securities and Exchange Board of India (“SEBI”) vide the SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2015 (“the Amendments” / “such Amendments”), as notified on December 4, 2024, has made certain significant changes in the PIT Regulations widening the categories of persons/entities covered under the ambit of “Connected Persons” and their possession of or having access to Unpublished Price Sensitive Information (“UPSI”) as an Insider regardless of the manner in which one came into possession of or had access to such information. The Amendments have become effective from December 6, 2024.

Certain salient features of such Amendments are as follows :

- a. The persons falling within the category of “Immediate Relative of the Connected Person” was deemed to be treated as “Connected Person” in terms of Regulation 2(1)(d)(ii)(a) of the PIT Regulations. “Immediate Relative” under the PIT Regulations 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.

Expanding the base, the terminology “Immediate Relative” has now been replaced with the definition of “Relative” as introduced vide Regulation 2(1)(hc) of the Amendments and now the persons falling within the category of “Relative of the Connected Person” will be treated as “Connected Person” in terms of Regulation 2(1)(d)(ii)(a) of the PIT Regulations.

- b. In accordance with the newly introduced definition, “Relative” shall mean the following :
  - (i) spouse of the person;
  - (ii) parent of the person and parent of its spouse;



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- (iii) sibling of the person and sibling of its spouse;
  - (iv) child of the person and child of its spouse;
  - (v) spouse of the person listed at sub-clause (iii); and
  - (vi) spouse of the person listed at sub-clause (iv)
- c. Accordingly, a concern, firm, trust, hindu undivided family, company or association of persons wherein a director of a company or his relative or banker of the company, has more than ten per cent of the holding or interest shall also be deemed to be the “Connected Person” constituting part of “Insider” under the PIT Regulations.
- d. In terms of the Amendments, the persons falling within the following categories shall also be deemed to be “Connected Persons” constituting part of “Insider” under the PIT Regulations :
- (i) a firm or its partner or its employee in which a “Connected Person” is also a partner;  
or
  - (ii) a person sharing household or residence with a “Connected Person”
- e. To facilitate aforesaid changes, the Amendments also replaces the existing definition of “Connected Person” of the PIT Regulations, with the following :
- “Connected Person” : any person who is or has been, during the six months prior to the concerned act, associated with a company, in any capacity, directly or indirectly, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship, whether temporary or permanent, with the company, that allows such a person, directly or*



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*indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.”*

**Conclusion :**

The aforesaid amendments in the PIT Regulations are having a wide impact and anyone in possession of or having access to UPSI will be considered as an "Insider" regardless of the manner in which one came into possession of or had access to such information. The amendments are intended to bring within its reach any person who is in receipt of or has access to UPSI. There will be a need to bring these changes and its far-reaching effect in terms of handling the UPSI and various compliances and check-points associated with it, to the attention of the “Designated Persons” and all the “Insiders” of the company. The company is also required to make suitable changes in the “Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information” as formulated and published by it on its website in terms of Regulation 8(1) adhering to each of the principles set out in Schedule A to the PIT Regulations and the “Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons” as formulated by it in terms of Regulation 9(1) of the PIT Regulations adopting the minimum standards set out in Schedule B to the PIT Regulations, without diluting the provisions of these regulations in any manner.

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