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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) (Amendment) Regulations, 2025 (“the Amendments” / “such Amendments”), as notified on March 11, 2025, has made certain significant changes in the PIT Regulations, *inter alia*, adding information related to various new events under the ambit of “Unpublished Price Sensitive Information” (“UPSI”).

PIT Regulations provide that no Insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of an UPSI. Further, when a person who has traded in securities has been in possession of any UPSI, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

The new Amendment has been published in the Official Gazette on March 12, 2025 and shall come into force on the ninetieth day from the date of such publication. Certain salient features of such Amendments are as follows :

1. Regulation 2(1)(n) :

Any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities, relating to the following shall also be treated as UPSI :

- i. award or termination of order/contracts not in the normal course of business;
- ii. resignation of a Statutory Auditor or Secretarial Auditor;
- iii. change in rating(s), other than ESG rating(s);
- iv. fund raising proposed to be undertaken;
- v. agreements, by whatever name called, which may impact the management or control of the company;



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- vi. 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;
- vii. resolution plan / restructuring or one time settlement in relation to loans/borrowings from banks/financial institutions;
- viii. 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;
- ix. 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;
- x. 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;
- xi. outcome of any litigation(s) or dispute(s) which may have an impact on the company;
- xii. 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;
- xiii. granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- xiv. Now, only changes in key managerial personnel other than due to superannuation or end of term will be treated as UPSI instead of any changes in key managerial personnel.



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2. Regulation 3(5) :

In terms of the existing regulatory provisions, the board of directors or head(s) of the organisation of every person required to handle UPSI are required to ensure that a structured digital database is maintained containing the nature of UPSI and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available.

The new amendment in addition to the above, further provides that entry of information, not emanating from within the organisation, in structured digital database may be done not later than two calendar days from the receipt of such information.

3. Clause 4(1) of Schedule B :

Existing regulatory provisions, *inter alia*, provide that the trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of any UPSI. Such closure shall be imposed in relation to such securities to which such UPSI relates and the designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

The new amendment in addition to the above, further provides that for UPSI not emanating from within the Listed Company, trading window may not be closed.

13.03.2025

Disclaimer : *The above note/analysis has been prepared by our research team for general guidance purpose only. For authentication of data/information provided, please refer the respective acts, rules and laws. For any further query in the matter, you may contact us at aklabhcs@gmail.com or aklabh@aklabh.com Please visit at www.aklabh.com to know more about us and our services.*