



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

# Consultation Paper

**Proposed review of the definition of Unpublished Price Sensitive Information (UPSI) under SEBI (Prohibition of Insider Trading) Regulations, 2015 to bring regulatory clarity, certainty and uniformity of compliance in the ecosystem**

**NOVEMBER 9, 2024**



## 1. OBJECTIVE:

- 1.1. Soliciting public comments / views on the proposed amendment to the definition of Unpublished Price Sensitive Information (“**UPSI**”), under SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “**PIT Regulations**” or “**PIT**”), to bring greater clarity and uniformity of compliance in the ecosystem. The proposal seeks to align the definition of UPSI in PIT Regulations with events from Para A and Para B of Part A of Schedule III as defined under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**LODR Regulations**” or “**LODR**”).

## 2. BACKGROUND:

- 2.1. According to a study conducted by SEBI on material events disclosed to the stock exchanges and events classified as UPSI by listed entities, companies were seen to be categorizing only the items explicitly mentioned in Regulation 2(1)(n) of PIT Regulations as UPSI thus not complying with the law in spirit. Thus, SEBI felt that there exists a need to review the definition of UPSI to bring about regulatory clarity, certainty and uniformity in compliance for the listed companies.
- 2.2. Therefore, SEBI had issued a [consultation paper](#) seeking public comments on the proposal to amend the definition of UPSI under Regulation 2(1)(n) of PIT Regulations, 2015, to include  
*“material event in accordance with Regulation 30 of LODR Regulations”*.
- 2.3. The public feedback received on the said consultation paper, while largely agreeing with the proposal to amend the definition of UPSI, highlighted the following major issues:

**Table 1: Feedback of respondents on proposed changes to definition of UPSI**

Sr. No	Issue	Feedback Received
1.	‘Material Information’ v/s ‘Price Sensitive Information’ and	i. All events or information under Regulation 30 of LODR Regulations may not have impact on price of securities.



Sr. No	Issue	Feedback Received
	Materiality Threshold for UPSI	ii. Alternately, expand list of events under current definition of UPSI instead of including complete Regulation 30 of LODR Regulations
2.	Enforcing compliances under PIT Regulations	i. Compliance management will increase ii. Potential perpetual closure of trading window
3.	Others	i. Amend UPSI definition post notification of LODR Amendments

2.4. Given the feedback, SEBI sought to address the issues highlighted therein especially regarding ease of doing business and compliance management.

#### **Ease of Doing Business Measures for Disclosure of Material Events**

2.5. While the proposal to align the definition of UPSI with Regulation 30 of LODR was under consideration, SEBI made amendments to LODR Regulations in 2023, which led to introduction of quantitative threshold for determining 'materiality' of events / information, stricter timeline for disclosure of material events / information, market rumours to be verified and confirmed, denied or clarified, as the case may be, disclosure for certain types of agreements binding listed entities, etc.

2.6. For effective compliance with some of the above changes, Industry Standards Forum ('ISF')<sup>1</sup> took up verification of market rumours (as per the proviso to Regulation 30(11) of LODR Regulations) as one of its priority areas. The ISF [guidance note](#) came into effect from May 21, 2024. The guidance note would facilitate uniformity in approach towards compliance of requirements of Regulation 30(11) of LODR Regulations.

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<sup>1</sup> Industry Standards Forum (ISF) was constituted under the aegis of the Stock Exchanges was formed with representatives from three industry associations ASSOCHAM, CII and FICCI. ISF was tasked with formulating standards for implementation of specific regulations and circulars, based on feedback from industry and stakeholders, in consultation with SEBI.

- 2.7. Changes relating to relaxation in timelines and increase in thresholds for disclosure of certain events have been proposed based on the recommendations of an 'Expert Committee'<sup>2</sup>.

### **Flexibility in Provisions of Trading Plans**

- 2.8. Analysis was also done to gauge probable impact of the proposed amendment on compliance management by listed entities. It was seen that in the proposed scenario of having to consider all material events as UPSI, the trading window was likely to be closed for a longer period than the existing scenario. This may have led to more difficulty for insiders in perpetual possession of UPSI to trade in the securities of the company.
- 2.9. Taking into consideration the above, it was decided that before amending the current definition of UPSI, the provisions of Trading Plans<sup>3</sup> in PIT Regulations, 2015 should be reviewed, so as to facilitate and increase adoption of trading plans by persons who may be perpetually in possession of UPSI. Thus, changes to trading plans enabling greater flexibility such as reduction of cool-off period, introduction of price limit to trades, exceptions for non-implementation of the trading plan like permanent incapacity or bankruptcy etc. have been introduced w.e.f. September 23, 2024.
- 2.10. In view of the developments discussed above, it was decided to proceed with the amendment of the definition of UPSI. A working group was constituted to review the definition of UPSI in light of Para A and Para B of Part A of Schedule III read with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Working Group has reviewed the definition and given its suggestions keeping in mind the requirement of clarity, certainty and uniformity in implementing this definition.

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<sup>2</sup> 'Expert Committee for facilitating ease of doing business and harmonization of the provisions of ICDR and LODR Regulations' was set up to inter-alia review the LODR and ICDR Regulations.

<sup>3</sup> For insiders perpetually in possession of UPSI, PIT Regulations provide the option to devise 'Trading plans' for trading in securities in a compliant manner.

### 3. CURRENT DEFINITION OF UPSI

3.1. PIT Regulations defines UPSI as follows:

*"2(1)(n) unpublished price sensitive information" means 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 and shall, ordinarily including but not restricted to, information relating to the following: –*

- (i) financial results;*
- (ii) dividends;*
- (iii) change in capital structure;*
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;*
- (v) changes in key managerial personnel."*

### 4. RECOMMENDATIONS OF WORKING GROUP AND PROPOSALS

4.1. The Working Group (“WG”) was tasked with making recommendations towards aligning the illustrative list of events in the definition of UPSI with events from Para A and Para B of Part A of Schedule III read with Regulation 30 of LODR. The WG also considered the public feedback received by SEBI on previous consultation paper on proposed review of the definition of UPSI while making its recommendations.

4.2. The WG has strived to ensure that its recommendations do not adversely affect the ease of doing business or significantly increase the compliance requirement of listed entities.

4.3. The WG discussed each event/information listed in Para A and Para B of Part A of Schedule III of LODR to identify events that may potentially be price sensitive and recommended including in the definition of UPSI. The recommendations and rationale of the WG and the proposals for consultation are discussed in following paras.

## EVENTS PROPOSED TO BE INCLUDED IN THE DEFINITION OF UPSI

### 4.4. Event(s) from Clause 3 of Para A of Part A of Schedule III

<b>Clause</b>	3. New Ratings(s) or Revision in Rating(s).
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- 4.4.1. New Ratings are assigned to instruments issued by a listed entity. Such issuance would be covered either in current definition of UPSI [Regulation 2(1)(n)(iii)] “change in capital structure” or under the proposed inclusion “fund raising proposed to be undertaken” (refer para 4.5)”
- 4.4.2. Regarding revision in Ratings, often companies get revalidated letters or same ratings for fresh issue of securities from time to time which generally may not have any impact on the price of shares. Hence, only upward/downward revision may be included in illustrative list of events in the definition of UPSI.
- 4.4.3. **Proposal 1:** Include “**Change in Rating(s)**” in the definition of UPSI from Clause 3 of Para A of Part A of Schedule III of LODR.

### 4.5. Event(s) from Clause 4 of Para A of Part A of Schedule III

<b>Clause</b>	<p>Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:</p> <p>a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;</p> <p>b) any cancellation of dividend with reasons thereof;</p> <p>c) the decision on buyback of securities;</p> <p>d) the decision with respect to fund raising proposed to be undertaken</p> <p>e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;</p>
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	<p>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;</p> <p>g) short particulars of any other alterations of capital, including calls;</p> <p>h) financial results;</p> <p>i) decision on voluntary delisting by the listed entity from stock exchange(s):</p> <p>Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.</p>
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4.5.1. Events listed in above table may be price sensitive in nature. Events at (a) to (c), (e), (f), (g), (h), and (i) viz. decisions related to dividends, buyback of securities, changes in capital structure, financial results and delisting that are required to be disclosed as part of outcome of board meeting are already included in the current definition of UPSI.

4.5.2. Event covered in (d) i.e. “the decision with respect to fund raising proposed to be undertaken” is currently not included in the definition of UPSI. Therefore, the same is proposed to be included in illustrative list of events in the definition of UPSI.

4.5.3. **Proposal 2:** Include “**fund raising proposed to be undertaken**” in the definition of UPSI from Clause 4 of Para A of Part A of Schedule III of LODR.

#### 4.6. Event(s) from Clause 5 and 5A of Para A of Part A of Schedule III

<b>Clause</b>	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
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	<p>binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.</p> <p>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:</p> <p>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.</p> <p>Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that listed entity shall or shall not act in a particular manner.</p>
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4.6.1. WG was of the view that only those agreements that impact the management and control of the company and are in the knowledge of the company may be considered as price sensitive and may be included in illustrative list of events in the definition of UPSI.

4.6.2. **Proposal 3:** Include “**Agreements, by whatever name called, impacting the management and control of the company**” in the definition of UPSI from Clause 5 and 5A of Para A of Part A of Schedule III of LODR.

**4.7. Event(s) from Clause 6 of Para A of Part A of Schedule III and Clause 9 of Para B of Part A of Schedule III**

<b>Clause</b>	<b>Clause 6 of Para A of Part A of Schedule III</b> 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
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	<p>listed entity, whether occurred within India or abroad:</p> <p>For the purpose of this sub-paragraph:</p> <p>(i) 'Fraud' shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.</p> <p>(ii) 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.</p> <p>Explanation 1-In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.</p> <p>Explanation 2-Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.</p> <p><b>Clause 9 of Para B of Part A of Schedule III</b></p> <p>9. Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity.</p>
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4.7.1. Event/information at Clause 6 of Para A of Part A of Schedule III and Clause 9 of Para B of Part A of Schedule III may be price sensitive in nature. It is proposed to include the same in the illustrative list in the definition of UPSI.

4.7.2. **Proposal 4:** Include “**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**” in the definition of UPSI from Clause 6 of Para A of Part A of Schedule III and Clause 9 of Para B of Part A of Schedule III.

#### 4.8. Event(s) from Clause 7 of Para A of Part A of Schedule III

<b>Clause</b>	<p>7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer.</p> <p>(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.</p> <p>(7B) Resignation of independent director including reasons for</p>
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	<p>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:</p> <p>i. The letter of resignation along with detailed reasons for the resignation as given by the said director</p> <p>(ia). Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.</p> <p>ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.</p> <p>iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.</p> <p>(7C) In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.</p> <p>(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).</p>
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4.8.1. Event/information at Clause 7, 7A, 7B, 7C and 7D are price sensitive in nature. It is proposed to include resignation of a Statutory Auditor or Secretarial Auditor in the illustrative list in the definition of UPSI.

4.8.2. **Proposal 5:** Amend regulation 2(1)(n)(v) of PIT Regulations to include: “Change in key managerial personnel, **other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor**”.

4.9. **Event(s) from Clause 9 and 10 of Para A of Part A of Schedule III**

<b>Clause</b>	<p>9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:</p> <p>(i) Decision to initiate resolution of loans/borrowings;</p>
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	<p>(ii) Signing of Inter-Creditors Agreement (ICA) by lenders; (iii) Finalization of Resolution Plan; (iv) Implementation of Resolution Plan; (v) Salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders.</p> <p>10. One time settlement with a bank</p>
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4.9.1. Events under Clause 9 and 10 of Para A may be price sensitive in nature and are proposed to be included in the illustrative list in the definition of UPSI.

4.9.2. **Proposal 6:** Include “**Resolution plan/ Restructuring/one-time settlement in relation to loans/borrowings from banks/financial institutions**” in the definition of UPSI from Clause 9 and 10 of Para A of Part A of Schedule III.

#### 4.10. Event(s) from Clause 11 and 16 of Para A of Part A of Schedule III

<b>Clause</b>	<p>11. winding-up petition filed by any party / creditors</p> <p>16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:</p> <p>a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;</p> <p>b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;</p> <p>c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;</p> <p>d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;</p> <p>e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;</p> <p>f) Appointment/ Replacement of the Resolution Professional;</p> <p>g) Prior or post-facto intimation of the meetings of Committee of</p>
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	<p>Creditors;</p> <p>h) Brief particulars of invitation of resolution plans under section 25(2) (h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;</p> <p>i) Number of resolution plans received by Resolution Professional;</p> <p>j) Filing of resolution plan with the Tribunal;</p> <p>k) Approval of resolution plan by the Tribunal or rejection, if applicable;</p> <p>l) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:</p> <ul style="list-style-type: none"> <li>(i) Pre and Post net-worth of the company;</li> <li>(ii) Details of assets of the company post CIRP;</li> <li>(iii) Details of securities continuing to be imposed on the companies' assets;</li> <li>(iv) Other material liabilities imposed on the company;</li> <li>(v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;</li> <li>(vi) Details of funds infused in the company, creditors paid-off;</li> <li>(vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;</li> <li>(viii) Impact on the investor –revised P/E, RONW ratios etc.;</li> <li>(ix) Names of the new promoters, key managerial personnel, if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;</li> <li>(x) Brief description of business strategy.</li> </ul> <p>m) Any other material information not involving commercial secrets.</p> <p>n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;</p> <p>o) Quarterly disclosure of the status of achieving the MPS;</p> <p>p) The details as to the delisting plans, if any approved in the resolution plan.</p>
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4.10.1. The WG was of the view that from Clause 11 of Para A of Part A of Schedule III only admission of the winding up petition by NCLT may be price sensitive.

4.10.2. Similarly, from Clause 16 of Para A of Part A of Schedule III, not all events in relation to CIRP listed herein above may impact share price, but admission of petition for initiation of CIRP and approval / rejection of resolution plan by NCLT may be price sensitive.

4.10.3. It is proposed to include the above in the illustrative list in the definition of UPSI.

4.10.4. **Proposal 7:** Include “**Admission of winding-up petition filed by any party / creditors, admission of application by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process (CIRP) of a listed corporate debtor and its approval or rejection thereof under the Insolvency Code**” in the definition of UPSI from Clause 11 and 16 of Para A of Part A of Schedule III.

#### 4.11. Event(s) from Clause 17 of Para A of Part A of Schedule III

Clause	
	<p>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:</p> <p>a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;</p> <p>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.</p>

4.11.1. The WG was of the view that event in Clause 17 of Para A of Part A of Schedule III may be price sensitive. It is proposed to include the above in the illustrative list in the definition of UPSI. For clarity the event/information may be aligned with SEBI FAQs on the types of forensic audit which are required to be disclosed under LODR Regulations.

4.11.2. As per SEBI FAQs dated November 27, 2020<sup>4</sup>, “...*forensic audits ... refers to those audits, (by whatever name called), which are initiated with the*

<sup>4</sup> Frequently Asked Questions (FAQ) on Disclosure of Information Related to Forensic Audit of Listed Entities

*objective of detecting any mis-statement in financials, mis-appropriation/ siphoning or diversion of funds.”*

4.11.3. **Proposal 8:** Include “**Initiation of forensic audit (by whatever name called) by company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report**” in the definition of UPSI from Clause 17 of Para A of Part A of Schedule III.

#### 4.12. Event(s) from Clause 19 and 20 of Para A of Part A of Schedule III

Clause	
	<p>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, in respect of the following:</p> <ul style="list-style-type: none"> <li>(a) search or seizure; or</li> <li>(b) re-opening of accounts under section 130 of the Companies Act, 2013; or</li> <li>(c) investigation under the provisions of Chapter XIV of the Companies Act, 2013;</li> </ul> <p>along with the following details pertaining to the actions(s) initiated, taken or orders passed:</p> <ul style="list-style-type: none"> <li>i. name of the authority;</li> <li>ii. nature and details of the action(s) taken, initiated or order(s) passed;</li> <li>iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;</li> <li>iv. details of the violation(s)/contravention(s) committed or alleged to be committed;</li> <li>v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.</li> </ul> <p>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, in respect of the following:</p> <ul style="list-style-type: none"> <li>(a) suspension;</li> <li>(b) imposition of fine or penalty;</li> </ul>



	<p>(c) settlement of proceedings;</p> <p>(d) debarment;</p> <p>(e) disqualification;</p> <p>(f) closure of operations;</p> <p>(g) sanctions imposed;</p> <p>(h) warning or caution; or</p> <p>(i) any other similar action(s) by whatever name called;</p> <p>along with the following details pertaining to the actions(s) initiated, taken or orders passed:</p> <p>i. name of the authority;</p> <p>ii. nature and details of the action(s) taken, initiated or order(s) passed;</p> <p>iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;</p> <p>iv. details of the violation(s)/contravention(s) committed or alleged to be committed;</p> <p>v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.</p>
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4.12.1. The WG was of the view that events in Clause 19 and 20 of Para A of Part A of Schedule III may be price sensitive and are proposed to be included in the illustrative list in the definition of UPSI.

4.12.2. **Proposal 9:** Include “**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**” in the definition of UPSI from Clause 19 and 20 of Para A of Part A of Schedule III.

#### 4.13. Event(s) from Clause 4 of Para B of Part A of Schedule III

<b>Clause</b>	4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
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4.13.1. Events described in clause 4 of Para B are expected to have a significant impact on the revenue and profitability of a company. Given the potential to



impact the financial performance of a company it is recommended to include such events in the illustrative list in the definition of UPSI at Regulation 2(1)(n)(iv) of PIT Regulations.

- 4.13.2. **Proposal 10:** Include Clause 4 of Para B of Part A of Schedule III in the definition of UPSI by amending regulation 2(1)(n)(iv) of PIT Regulations. “*mergers, de-mergers, acquisitions, delistings, disposals and expansion of business, **award or termination of order/contracts not in the normal course of business and such other transactions***”.

#### 4.14. Event(s) from Clause 8 of Para B of Part A of Schedule III

<b>Clause</b>	8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.
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4.14.1. Initial order and pendency or any litigation is available in the public domain i.e. website of the judicial authority; hence, in the WG’s view this may not be price sensitive. However, the outcome of such litigations or dispute may be price sensitive and may be included in the illustrative list in the definition of UPSI.

- 4.14.2. **Proposal 11:** Include “**outcome of any litigation(s) or dispute(s) which may have an impact on the listed entity**” in the definition of UPSI from Clause 8 of Para B of Part A of Schedule III.

#### 4.15. Event(s) from Clause 11 of Para B of Part A of Schedule III

<b>Clause</b>	11. Giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party.
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4.15.1. Guarantees/indemnity / surety, etc. can be in the usual course of business. Nonetheless there may be instances where such guarantees/indemnity / surety, etc. are not in normal course of business and have the potential to adversely impact the financials of the listed entity. Thus they may be price

sensitive and are proposed to be included in the illustrative list in the definition of UPSI

4.15.2. **Proposal 12:** Include “**Giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party**” in the definition of UPSI from Clause 11 of Para B of Part A of Schedule III.

#### 4.16. Event(s) from Clause 12 of Para B of Part A of Schedule III

<b>Clause</b>	12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
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4.16.1. The WG was of the view that events in Clause 12 of Para B of Part A of Schedule III may be price sensitive and are proposed to be included in the illustrative list in the definition of UPSI.

4.16.2. **Proposal 13:** Include “**granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals**” in the definition of UPSI from Clause 12 of Para B of Part A of Schedule III.

## 5. PUBLIC COMMENTS

5.1. Comments from public are invited on the following:

5.1.1. Whether you agree with Proposals 1 – 13 in para 4 above for amendment to the definition of ‘unpublished price sensitive information’.

5.2. The comments along with rationale may be submitted by any of the following modes latest by **November 30, 2024**:

5.2.1. **Preferably through online mode at the following link:**

[SEBI | Public Comments](#)

The instructions to submit comments through the link are as under:



**GENERAL INSTRUCTIONS:**

1. Please read and understand the proposal in the consultation paper you are commenting on. Please be concise but support your rationale in the comments;
2. Clearly identify the issues on which you are commenting. If you are commenting on a particular word phrase or sentence, provide the page number, column and paragraph citation from the consultation paper.
3. The comment process is not a vote. The Board is attempting to formulate the best policy, so when crafting a comment, it is important that you adequately explain the reasoning behind your position.
4. If you choose to disagree with any of the proposal, kindly provide your comments and rationale for your disagreement. Please note that the disagreement without any comments/ rationale may not be considered.

**PROCEDURAL INSTRUCTIONS:**

5. There will be a dropdown of multiple proposals in the form after selection of the relevant consultation paper. Select the proposals one-by-one beginning with the first proposal and moving on to 2nd, 3rd and so on. For each of the proposal, please record your level of agreement and provide your comments, if any, followed by clicking on the "Submit" button.
6. If you want to skip any particular proposal(s) in between, you may do so by selecting the "Skip this proposal" option and clicking on the "Submit" button. With each click on "Submit" button, the system saves your response and prompt you to respond to the next proposal.
7. The updated list of saved responses/ proposal numbers may be seen on the top of the screen which gets updated with every click on the "Submit" button.
8. Please note that the comments shall be submitted to SEBI only after saving your response on all of the proposals. Post submission of comments, a message as "Thank you for submitting your comments" shall appear on the screen indicating the successful submission.
9. Please do not click the "back" button or do not "refresh" your screen during the process as it may lead to loss of saved comments;
10. Please note that the e-form shall not accept any type of special characters such as ( ) { } [ ] ~ ! @ # \$ % ^ & \* etc. in comments/ rationale section. It shall also not allow to paste the comments/ rationale copied from any other source.
11. Please download the pdf file, link of which is given at the bottom of the form, just before finally submitting the comments to last and final proposal. This pdf file will help as back-up in case technical issue is faced while final submission of comments.

- 5.2.2. In case of any technical issue in submitting your comment through web based public comments form, you may email your comment(s) to [pit\\_isd@sebi.gov.in](mailto:pit_isd@sebi.gov.in). While sending the email, kindly mention the subject as "*Comments on Proposed review of the definition of Unpublished Price Sensitive Information (UPSI) under SEBI (Prohibition of Insider Trading) Regulations, 2015 to bring regulatory clarity, certainty and uniformity of compliance in the ecosystem*".

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