

SEBI amends PIT, 2015; Expands scope of UPSI

UPSI, which stands for Unpublished Price Sensitive Information in the context of insider trading, refers to any non-public information about a company or its securities that is inaccessible to the general populace, and which is capable of materially influencing the market price of a company's securities upon disclosure. Hence, with an aim to preclude the exploitation of non-public information for illicit trading advantages, the SEBI had introduced the Prohibition of Insider Trading Regulations, 2015.

Every publicly available data, such as annual reports or disclosures during investor conferences, does not qualify as UPSI. Rather, any strategic information regarding a corporation contemplating the acquisition of a competitor, which is when confined to the knowledge of a select group and its public revelation could significantly alter stock valuations, the same would constitute as an UPSI. Essentially, the information to be characterized as UPSI, must directly relate to a specific entity or its securities, and possess the potential to affect investment decisions materially and induce substantial shifts in securities' market prices.

Previously, under Regulation 2(1)(n) of the PIT Regulations, the UPSI referred to any information relating to a company or its securities that is not generally available, and provides a non-exhaustive list of items such as dividends, financial results, etc. Since the companies were categorising only the events expressly mentioned in Regulation 2(1)(n), thus not complying with the law in spirit, the SEBI has amended the Regulations by adding sixteen events / information in the new list of the definition, which are as follows:

Now following events / information would be UPSI from June 9, 2025:

- Award or termination of order/contracts not in the normal course of business
- Changes in key managerial personnel, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor.
- Change in rating(s), other than ESG rating(s).
- Fund raising proposed to be undertaken.
- Agreements, by whatever name called, which may impact the management or control of the company.
- 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.

- Resolution plan/ restructuring or one time settlement in relation to loans/borrowings from banks/financial institutions.
- 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.
- Initiation of forensic audit, by whatever name called, by the company or any other entity for detecting misstatement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report.
- 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.
- Outcome of any litigation(s) or dispute(s) which may have an impact on the company.
- Giving of guarantees or indemnity or becoming surety, by whatever named called, for any third party, by the company not in the normal course of business.
- Granting withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Also, an amendment has been introduced notifying a new proviso requiring that Unpublished Price Sensitive Information (UPSI) received from external sources must be recorded in the Structured Digital Database (SDD) within two calendar days of receipt.
