

Regulation	SEBI (Prohibition of Insider Trading) Regulations, 2015	Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024.	Comments
regulation 2, sub-regulation (1), in clause (d), sub-clause (i)	"connected person" means,- (i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity 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 between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.	any person who is or has <b>been</b> , during the six months prior to the concerned act, <del>associated</del> with a company, <b>in any capacity, directly or indirectly</b> , 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whether temporary or permanent, with the company, that allows such a person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access	<p>The change is made to connect "directly or indirectly" to the capacity in which the person is associated.</p> <p>Thus, making the definition simpler and easier to interpret.</p> <p>The intent of law is the same.</p>
In Regulation 2, clause (d), sub-clause (ii), in item (a)	an immediate relative of connected persons specified in clause (i); or	<del>an immediate</del> a relative of connected persons specified in clause (i); or	The term connected person is now broadened and includes individuals beyond the spouse, parent, sibling, child of such person or of the spouse, or any of whom is either dependent financially on such person, or person in taking decisions relating to trading in securities and those individuals

			<p>Further it is pertinent to note that w.e.f December 04, 2024, the relative as defined in Regulation 2 (hc) will also be considered as “<b>insider</b>” and will be deemed that he/she is in <b>possession of unpublished price sensitive information</b>.</p> <p>The word “relative” earlier was nowhere defined in the regulation, but now the same has been defined in Regulation 2 (hc).</p>
In Regulation 2, clause (d), sub-clause (ii), in item (j)	a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest	a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his <b>immediate</b> relative or banker of the company, has more than ten per cent. of the holding or interest <b>or</b>	SEBI has broadened the scope of “connected person” by not only including the immediate relatives but also other persons as defined in Regulation 2 (hc) of SEBI (PIT) Regulations, 2015 to curb insider trading.
In Regulation 2, clause (d), sub-clause (ii) after item (j) new clauses is inserted (k) and (l)		“(k). a firm or its partner or its employee in which a connected person specified in sub-clause (i) of clause (d) is also a partner; or	As per the new insertion of clause k, a firm along with its partners and employees will be considered as connected person / insider, if the individual, who, during the six months prior to the concerned act, has been associated with a company in any capacity—whether directly or indirectly. is also a partner.
In Regulation 2, clause (d), sub-clause (ii) after item (j) new clauses is inserted (k) and (l)		(l). a person sharing household or residence with a connected person specified in sub-clause (i) of clause (d);”	As per the new insertion of clause l, Individuals (this will include tenants, room-mates, family members (even if not financially dependent and/or not covered under relative), Domestic staff (if residing)) living in the same household or residence with any

			<p>individual who, during the six months prior to the concerned act, has been associated with a company in any capacity—whether directly or indirectly.</p> <p>The above clauses have been inserted as they may have indirect access to Unpublished Price Sensitive Information (UPSI) through casual conversations or through documents.</p>
<p>in clause (d), in the Note</p>	<p>It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not—seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company’s operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information</p>	<p>It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. <b>Immediate Relatives</b> and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may <del>not</del> seemingly <b>not</b> occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company’s operations. It is intended to bring within its ambit those who would have access to or could access</p>	<p>The definition of connected person also includes individuals who may not hold formal positions in the company but, through regular interaction with the company or its officers, gain insight into its operations and may have access to unpublished price-sensitive information (UPSI)</p>

	about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.	unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.	
Clause (f) – Note	It is intended that the immediate relatives of a “connected person” too become connected persons for purposes of these regulations. Indeed, this is a rebuttable presumption.	<del>It is intended that the immediate relatives of a “connected person” too become connected persons for purposes of these regulations. Indeed, this is a rebuttable presumption</del>	The note is included in Regulation 2 (hc).
Clause G – Note	Since “generally available information” is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an “insider” regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on	Since "generally available information" is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered as an "insider" regardless of <del>how one</del> of the manner in which one came into possession of or had access to such information. Various circumstances are provided <del>for</del> to enable such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive	Anyone with access to unpublished price-sensitive information (UPSI) is deemed an insider, regardless of how they obtained it. The accuser must prove the person possessed or accessed UPSI while trading, and the accused can defend themselves by proving they lacked access, did not trade, or their actions qualify for exemptions.

	<p>the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.</p>	<p>information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.”</p>	
<p>New Clause inserted (hc) and note is added</p>		<p>“relative” shall mean the following:  (i) spouse of the person;  (ii) parent of the person and parent of its spouse;  (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)</p> <p>NOTE: It is intended that the relatives of a “connected person” too become connected persons for the purpose of these regulations. It is a rebuttable presumption that a connected person had UPSI.</p>	<p>New definition of relative is introduced which specifically includes the following:</p> <ul style="list-style-type: none"> <li>i. Parents of the spouse,</li> <li>ii. Siblings of the spouse,</li> <li>iii. Spouse of the siblings (of both person and spouse) and</li> <li>iv. Spouse of the children of both person and spouse)</li> </ul> <p>All the above including the immediate relatives will be considered as insiders and deemed to have unpublished price sensitive information.</p>

