DEWAN P N CHOPRA & CO

REGULATORY UPDATE

SEBI'S REVISED FAQs ON THE PROHIBITION OF INSIDER TRADING REGULATIONS



SEBI revised FAQs on the SEBI (Prohibition of Insider Trading) Regulations, 2015

INTRODUCTION:

SEBI has issued revised Frequently Asked Questions ("**FAQs**") on the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**PIT Regulations**"). The updated FAQs dated 5 November 2026.

The revised FAQs provide important clarifications regarding contra trades, pledges, pre-clearance requirements and the Structured Digital Database ("SDD"). They also align certain definitions and disclosure requirements with the prevailing regulatory framework. These revisions have been introduced after considering the amendments, queries and suggestions received, as well as consultations with various market participants.

KEY HIGHLIGHTS:

Contra trade :

- **Expanded Contra Trade Coverage:** If the initial transaction involves the acquisition of securities through a Rights Issue, FPO, OFS, Bonus Issue, Share Split, Merger, Amalgamation or Demerger, any subsequent sale of such securities within six months from the date of the initial transaction will be treated as a Contra Trade.

- Similarly, if the initial transaction involves the sale of securities through a Buy-back or Open Offer, any subsequent purchase of securities within six months from the date of the initial transaction will be treated as a Contra Trade.

- **ESOP Transactions** : A sale of ESOP shares may constitue contra trade against an earlier non open market acquisition made within the prescribed period.

- **Pledge Transactions:** Separate guidance has been provided on the creation revocation and invocation of pledges including their treatment for contra trade purpose.

- **Intermediaries:** For intermediaries, the contra-trade restriction applies to designated persons who are connected persons of the listed company, in terms of clause 8 of Schedule C.

Pledge and pre-clearance:

- **Pledge during trading window closure:** Creating a pledge while the trading window is closed now requires pre-clearance from the compliance officer. This replaces the earlier "prove innocence" approach.

Structured Digital Database (SDD):

- **Banks and financial institutions:** They must also record, in their own SDD, the UPSI shared by their nominee directors.

- **Listed intermediaries and fiduciaries:** Specifically clarified that they must maintain separate SDDs for their own UPSI and for UPSI relating to their clients.

- **Cloud-based SDD:** The board of directors or the head of the organisation is accountable for SDD data kept on the cloud.

Other updates:

- **SLB transactions:** Borrowing and lending under the SLB (Securities Borrowing and Lending)mechanism count as "trading".

- **Mutual fund units:** Units of mutual funds now fall within "securities", and "redeem / switch" transactions form part of "trading".

  Code of Conduct: The Code of Conduct covers immediate relatives, and not every "relative".

- **Disclosure of relatives:**

  The designated person is required to disclose names and PAN (or any other identifier authorised by law) along with phone, mobile and cell numbers, of the immediate relatives, as defined in Regulation 2(1)(f) of PIT Regulations and the persons with whom such DP shares a material financial relationship.

- **Essential forms under SEBI(PIT) Regulations :**

  Form A: Initial Disclosure on becoming KMP,Director,Promoter,or Promoter Group Member

  Form B: Continual Disclosure of holding changes by promoters, promoters group,DPs, Directors & Immediate relatives

  Form C: Disclosure by other connected workflow identified by the company.

The revised FAQs widen the scope of contra-trade and pre-clearance requirements beyond open-market transactions, and place clear accountability for maintaining the SDD.

It may be noted that ***FAQs are SEBI's guidance and not a binding interpretation of law.*** Companies should read them together with the PIT Regulations and seek professional advice where required.

For more details, refer to the SEBI FAQs on the PIT Regulations dated *5 November 2026.*
https://www.sebi.gov.in/enforcement/clarifications-on-insider-trading/nov-2026/comprehensive-faqs-on-sebi-pit-regulations-2015_105787.html

***DISCLAIMER**: - The summary information herein is based on the FAQs on the SEBI (Prohibition of Insider Trading) Regulations, 2015 issued by SEBI dated 5 November 2026. While the information is believed to be accurate, we make no representations or warranties, express or implied, as to the accuracy or completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.*