Preface

1. In order to keep pace with the evolving market dynamics, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "*SEBI (PIT) Regulations, 2015*" or "*PIT Regulations*") have been amended from time to time. With an objective to provide greater clarity on several concepts related to the SEBI (PIT) Regulations, 2015, as also to shed more light on the nuances of various requirements of the regulations, SEBI had last issued comprehensive Frequently Asked Questions (FAQs) on December 31, 2024.

2. In light of the amendments, queries and suggestions received, and consultations with market participants, the FAQs have been revised and updated.

3. For ease of reference, these FAQs are categorized under different headings, namely, trading, structured digital database, disclosures, pledge, trading plan, pre-clearance, trading window closure, contra-trade, etc.

4. These FAQs are in the nature of providing guidance on the SEBI (PIT) Regulations, 2015 and any explanation/clarification provided herein should neither be regarded as an interpretation of law nor be treated as a binding opinion/decision of the Securities and Exchange Board of India. Different facts or conditions may entail different interpretations. For full particulars of laws governing insider trading, please refer to actual text of the Acts/Regulations/Circulars appearing under the legal framework section on the SEBI website.

5. This document rescinds the comprehensive Frequently Asked Questions dated December 31, 2024.

November 05, 2026

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COMPREHENSIVE FAQs ON SEBI (PIT) REGULATIONS, 2015

A. Trading Related

1. Question

Whether creation of pledge, invocation of pledge and revocation of pledge can be deemed as trading in terms of the PIT Regulations?

Answer

Trading as defined under Regulation 2 (1) (l) of PIT Regulations means and includes subscribing, [1][redeeming, switching], buying, selling, dealing, or agreeing to subscribe, [2][redeem, switch], buy, sell, deal in any securities, and "trade" shall be construed accordingly. The term trading is widely defined to include dealing in securities and intended to curb the activities based on unpublished price sensitive information (UPSI) which are strictly not buying, selling or subscribing, such as pledging etc. Hence, trading would include creation/invocation/revocation of pledge.

1A. [3] [Question

Whether borrowing/ lending done under Securities Borrowing and Lending (SLB) mechanism constitute trading in terms of PIT Regulations?

Answer

The price of SLB contracts i.e. lending fee, may derive its value from the underlying securities which are amenable for price discovery on the Stock Exchange platform.

In view of the definition of trading under Regulation 2(1)(l) of PIT Regulations and the nature of SLB mechanism, borrowing/ lending done under SLB mechanism would constitute trading as per PIT Regulations.]

2. Question

[4][Whether trading only in equity shares, while in possession of UPSI, is in violation of PIT Regulations] or it also includes trading in other form of securities?

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[1] Inserted in line with SEBI (PIT) (Amendment) Regulations, 2022, vide the revised FAQs dated November 05, 2026

[2] Ibid

[3] Inserted vide the revised FAQs dated November 05, 2026

[4] Substituted "*Whether trading only in equity shares is in violation of PIT Regulations while in possession of UPSI"* vide revised FAQs dated November 05, 2026.

Answer

Trading in securities, while in possession of UPSI, is prohibited as per the PIT Regulations. For the applicability of SEBI (PIT) Regulations, securities shall have the same meaning assigned to it under the Securities Contracts (Regulation) Act, 1956, which inter-alia covers shares, scrips, stocks, bonds, debentures, derivative, etc.[5]

3. Question

Whether trading [6][while in possession of UPSI] is prohibited even for persons not falling under the definition of 'Designated Persons' under the PIT Regulations?

Answer

[7][As per Regulation 4(1) of SEBI (PIT) Regulations, 2015, an insider is prohibited from trading while in possession of UPSI.]

Regulation 2(1) (g) of SEBI (PIT) Regulations, 2015 defines 'insider' as any person who is:

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information.

Therefore, even if a person is not classified as a designated person, having access to UPSI would make such a person an 'insider' [8][and hence subject to the above prohibition].

4. Question

Are PIT Regulations applicable on transmission of shares?

Answer

[9][Yes, PIT Regulations are applicable to acquisition of shares through transmission. While the disclosure requirements shall be applicable to such acquisition, applicability of provisions of trading window closure, pre-clearance and contra trade, shall be exempted.]

[5] Omitted "except units of mutual funds", in line with SEBI (PIT) (Amendment) Regulations, 2022, vide the revised FAQs dated November 05, 2026

[6] Substituted "on the basis of UPSI" by "while in possession of UPSI", vide the revised FAQs dated November 05, 2026.

[7] Inserted vide revised FAQs dated November 05, 2026.

[8] Inserted vide revised FAQs dated November 05, 2026. Also, omitted the text, "As per Regulation 4(1) of SEBI (PIT) Regulations, 2015, an insider is prohibited to trade while in possession of UPSI."

[9] Substituted vide the revised FAQs dated November 05, 2026. Prior to substitution, answer to FAQ 4 read as follows: "*Yes, PIT Regulations are applicable on transmission of shares. However, they are exempted from provisions of trading window closure, pre-clearance and contra trade, but the norms relating to disclosure requirements shall be applicable on transmission of Shares.*"

B. Structured Digital Database

5. Question:

Whether the requirement to maintain structured digital database ('SDD') under Regulation 3(5) is applicable on intermediaries and fiduciaries, [10][in addition to listed companies]?

Answer

[11][Yes], the requirement to maintain structured digital database under Regulation 3(5) of PIT Regulations is applicable to listed companies, intermediaries and fiduciaries who handle UPSI of a listed company in the course of [12][their] business operations.

6. Question:

What information should be maintained in structured digital database under Regulation 3(5) of PIT Regulations?[13]

Answer:

A listed company, [intermediary and fiduciary][14] should maintain structured digital database internally, which shall contain information including the following:

(i). Details of the Unpublished Price Sensitive Information (UPSI);

(ii). Details of persons with whom such UPSI is shared (along with their PANs/other unique identifier) and details of persons who have shared the information.

For example: Listed company (X) has appointed a Law firm (Y) and a Merchant Banker (Z) in respect of fund raising activity. Person A of the listed company has shared a UPSI with Person B of the listed company, Person C of the Law firm and Person D of the Merchant Banker. The structured digital database of X should capture the nature of UPSI shared, details of A, B, Y, C, Z and D, along with their PAN or other unique identifier (in case PAN is not available).

The Law firm (Y) shall in turn maintain another structured digital database internally, capturing the nature of UPSI received/shared, details of X, A and C along with their PAN or other unique identifier (in case PAN is not available), in accordance with Regulation 3(5) of PIT Regulations.

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[10] Inserted vide the revised FAQs dated November 05, 2026

[11] Inserted vide the revised FAQs dated November 05, 2026

[12] Inserted vide the revised FAQs dated November 05, 2026

[13] Substituted vide revised FAQs dated November 05, 2026. Prior to substitution, Question read as follows, "What information should a listed company maintain in its structured digital database under Regulation 3(5), in case the designated person is a fiduciary or intermediary?"

[14] Inserted vide revised FAQs dated November 05, 2026

Further, Merchant Banker (Z) shall also maintain structured digital database internally, capturing the nature of UPSI received/shared, details of X, A and D along with their PAN or other unique identifier (in case PAN is not available), in accordance with Regulation 3(5) of PIT Regulations.

7. Question

[15][Can the structured digital database be maintained on Amazon, Google or cloud server hosted outside India?]

Answer

The SDD has to be maintained in compliance [with][16] Regulation 3 (5) and 3(6) of PIT regulations. [17][The Board of Directors ('BoD') or head(s) of the organization of every person required to handle UPSI], is solely accountable for all aspects related to the maintenance of data on cloud or any other method. The [18][BoD/head(s) of organization] and the compliance officer have to ensure the confidentiality, integrity and security of its data and logs, and ensure compliance with the laws, regulations, circulars, FAQ's etc., issued by SEBI/ Stock Exchanges from time to time. The [19][BoD or head(s) of organization] / Compliance Officer shall be responsible and accountable for any violation of the same.

8. Question

Regulation 3(5) requires structured digital database shall not be outsourced and shall be maintained internally with adequate internal controls and checks. Whether a listed company, intermediary and fiduciary can use software provided by third party vendors, wherein the server is of the vendor but requisite entries are made by the employees of the company only.

Answer

Third party vendors are providing the services/software on login basis, where the server is maintained by the vendor. Therefore, the vendor may have access to such records which would be contrary to the regulations with respect to maintenance of structured digital database. [20][The BoD and the compliance officer have to ensure the confidentiality, integrity

[15] Substituted vide the revised FAQs dated November 05, 2026. Prior to substitution, FAQ 7 read as follows, "If *the structured digital database is maintained on Amazon, Google or cloud server hosted outside India, will it be considered as outsourced or internal?"*

[16] Substituted "of" with "with" vide the Revised FAQs dated November 05, 2026

[17] Inserted vide the revised FAQs dated November 05, 2026

[18] Inserted vide the revised FAQs dated November 05, 2026

[19] Inserted vide the revised FAQs dated November 05, 2026

[20] Inserted vide the revised FAQs dated November 05, 2026

and security of the data and logs, and ensure compliance with the laws, regulations, circulars, FAQ's etc., issued by SEBI/ Stock Exchanges from time to time. The BoD / Compliance Officer shall be responsible and accountable for any violation of the same.]

9. Question

Does [21][the] list of UPSI as prepared by the company, in-house, needs to be disseminated to public at large?

Answer

No, there is no requirement to disseminate the list of UPSI on the website of the company.

10. Question

Are companies required to [22][update the] structured digital database even when information is shared only within the company?

Answer

Yes, irrespective of the fact that information is shared within or outside the Company, requisite records shall be updated in [23][the] structured digital database as and when the information gets transmitted.

11. Question

[24][If] the nominee directors of a bank or financial institution [25][share] information with their bank or financial institution for legitimate purpose, will it be [26][considered] as communication of UPSI?

Answer

[27][Yes. Sharing of UPSI by the nominee directors on an entity, falling under the list of designated persons or as an insider, with the Bank/FIs, for the legitimate purpose of the entity, would be considered as communication of UPSI]. Accordingly, the same would need to be recorded in the SDD of the company [28][and SDD of the bank/ financial institution.]

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[21] Inserted vide the revised FAQs dated November 05, 2026

[22]Substituted 'maintain this structured digital database' by 'update the structured digital database ', vide the revised FAQs dated November 05, 2026.

[23] Inserted vide the revised FAQs dated November 05, 2026

[24] Inserted vide the revised FAQs dated November 05, 2026

[25] Substituted "sharing" by "share", vide the revised FAQs dated November 05, 2026.

[26] Substituted "covered" by "considered", vide the revised FAQs dated November 05, 2026.

[27] Substituted vide revised FAQs dated November 05, 2026. Prior to substitution, it read as follows: "The nominee directors on an entity, falling under the list of designated persons or as an insider, sharing UPSI with the Bank/FIs, for the legitimate purpose of the entity, would be considered as communication of UPSI."

[28] Inserted vide revised FAQs dated November 05, 2026.

12. Question

For how long the Company needs to maintain the data in its structured digital database?

Answer

As per Regulation 3(6) of SEBI (PIT) Regulations, the structured digital database shall be preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from SEBI regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceeding.

[29][**12A**. **Question**

Does a listed intermediary/ fiduciary viz. bank, merchant banker, etc., need to maintain separate SDD for UPSI pertaining to itself/ its securities and for UPSI related to listed company, whose UPSI it handles in the course of its business operations?

Answer

Yes. An intermediary/fiduciary should maintain separate SDD for its own UPSI and for UPSI related to listed company whose UPSI it handles in the course of business operations.]

C. Pledge

13. Question

(a) Whether SEBI's intent is to prohibit creation of pledge, revocation of pledge or invocation of pledge for enforcement of security while in possession of UPSI?

(b) Whether creation of pledge, revocation of pledge or invocation of pledge is allowed when trading window is closed?

Answer

Yes. However, the pledgor or pledgee may demonstrate that the creation/revocation of pledge or invocation of pledge was bona fide and [30]subject to grant of pre-clearance by the Compliance Officer and compliance with respective regulations made by the Board.

[29] Inserted vide revised FAQs dated November 05, 2026.

[30]Substituted "prove their innocence under proviso to sub-regulation (1) of regulation 4 of the Regulations" vide the revised FAQs dated November 05, 2026.

14. Question

What should be the value of the pledge / revoke transaction for the purpose of disclosure? Is it the market value on date of the pledge / revoke transaction or is it the value at which the transaction has been carried out between the pledgor and pledgee? For instance, if the pledgor has availed a loan of Rs 10 Lacs against which he has pledged shares worth Rs 15 Lacs, would the transaction value be Rs 10 Lacs or Rs 15 Lacs.

Answer

For the purpose of calculation of threshold for disclosures relating to pledge under Chapter III of the Regulations, the market value on the date of pledge/revoke transaction should be considered. In the above illustration, the value of transaction would be considered as fifteen lakh rupees.

15. Question

If the lender sells the shares pledged by the designated person ([31][for example]: shares acquired under ESOP by availing loan) to recover the loan then how to represent this transaction in [32][Form B] (i.e. invoke/revoke)?

Answer

When the lender sells the shares pledged by designated person, the transaction can be represented as invocation in [33][Form B].

[31] Inserted vide revised FAQs dated November 05, 2026.

[32] Substituted 'Form C' by 'Form B' vide the revised FAQs dated November 05, 2026. Please refer to Master Circular on Surveillance of Securities Market at https://www.sebi.gov.in/legal/master-circulars/may-2026/master-circular-on-surveillance-of-securities-market_101473.html

[33] Ibid

D. Trading Plan

16. Question

At the time of trading as per the trading plan, if the designated person is in possession of an UPSI which was not existing at the time of formulation/submission of trading plan, would these trades be in violation of SEBI (PIT) Regulations?

Answer

No. If at the time of formulation of trading plan, there was no UPSI and later on a new UPSI was generated, then trading can be carried out as per the trading plan, even if the new UPSI has not been made generally available.

16A. Question

What is the minimum duration for which a trading plan can be formulated?

Answer

There is no minimum or maximum duration prescribed for a trading plan. However, a cooling off period of 120 calendar days is mandated from the date of public disclosure of the trading plan till the commencement of trading by the insider, if any.

16B. Question

Is it mandatory to specify a price limit for each trade in the trading plan?

Answer

No, it is not mandatory to specify a price limit for trade(s) (i.e. upper price limit for a buy trade and a lower price limit for a sell trade) in the trading plan. It is, however, mandatory to mention the following parameters for each trade in the trading plan:

i. either the value of trade to be effected or the number of securities to be traded;
ii. nature of trade (buy or sell); and
iii. either specific date or time period not exceeding five consecutive trading days within which the trade(s) shall be executed.

16C. Question

Does an insider have to execute trade(s) as per approved trading plan irrespective of movement in market price of the company's share?

Answer

An insider, at the time of formulating the trading plan, has the option to specify a price limit beyond which they would not prefer to trade so as to get protected from adverse price fluctuation. The limit is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to a range up to 20% vis-à-vis the closing price of the company's security on the day before submission of the trading plan for approval.

If price of the security at the time of execution of trade is outside the price limit specified, i.e. below the price limit set for sell trade or higher than the upper price limit set for buy trade, the insider shall not execute the trade.

[34]However, there are certain other scenarios under which an insider may not execute trades(s) as per the approved trading plan. Such scenarios are discussed in question 16D.

16D. Question

Under what situations deviations are allowed in the execution of trade(s) as per approved trading plan?

Answer

Deviation from the approved trading plan shall be allowed in following situations:

i. Permanent incapacity or bankruptcy of insider or upon operation of law;

ii. Implementation of trading plan shall not be commenced if any UPSI in possession of the insider at the time of formulation of trading plan has not become generally available at the time of the commencement of implementation;

iii. If at the time of execution of trade, price of the security is outside the price limit as set by the insider at the time of formulation of trading plan, the trade shall not be executed by the insider.

In case of full/ partial non-implementation of trading plan due to the reasons mentioned above or failure of execution of trade due to inadequate liquidity in the scrip, the insider must inform the Compliance Officer within two trading days from the end of the trading plan's tenure, providing the reasons and supporting documents, if any.

[34] Inserted vide revised FAQs dated November 05, 2026

An approved trading plan would automatically lapse upon death of the insider.

16E. Question

Can an insider submit more than one trading plan at the same time?

Answer

Yes, an insider may submit multiple trading plans simultaneously, provided the periods covered under such multiple trading plans do not overlap.

16F. Question

Does an insider require pre-clearance for trade(s) to be executed pursuant to the approved trading plan?

Answer

No, an insider does not require pre-clearance for trades executed under an approved trading plan.

16G. Question

Are contra trade restrictions applicable to trades executed under two separate trading plans?

Answer

Yes, contra trade restrictions would be applicable to trades executed under two separate trading plans.

16H. Question

What adjustments can be made to an approved trading plan with regard to corporate actions occurring during the period between approval of trading plan and implementation of the trading plan?

Answer

In the event of corporate actions related to bonus issue and stock split occurring after the approval of trading plan, adjustments may be made by the insider, in the number of securities to be traded and the price limit, with the approval of the Compliance Officer. The modified trading plan shall be notified on the Stock Exchanges.

E. Disclosures including System Driven Disclosures

17. Question

Whether companies are required to provide the details of immediate relatives also along with the details of designated persons [35] [for the purpose of System Driven Disclosures]?

Answer

[36]As per para 4.3.2 of Master Circular on Surveillance of Securities Market dated May 15, 2026, SEBI has mandated system driven disclosure for promoter(s), member(s) of promoter group, designated person(s) and director(s) of company under Regulation 7(2) of SEBI (PIT) Regulations, 2015.

18. Question

In case a designated person is a foreign national/individual who [does] [37]not possess PAN or a demat account number, whether [38][information for the purpose of] system driven disclosures are required to be submitted?

Answer

[39][No]. If a designated person does not have PAN or a demat account number, then such a person cannot trade in the Indian securities market. Hence, system driven disclosures will not [be triggered][40] for such a person.

19. Question

In case of trades exceeding Rs. 10 Lacs in a quarter, [whether[41]] any subsequent trades need to be disclosed in [42][Form B] or should the next disclosure be only when the next Rs. 10 Lacs limit is breached?

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[35] Substituted "in terms of SEBI Circular SEBI/HO/ISD/ISD/CIR/P/2020/168 dated September 09, 2020 ("System Driven Disclosures")" by "for the purpose of System Driven Disclosures", vide revised FAQs dated November 05, 2026.

[36] Substituted vide revised FAQs dated November 05, 2026. Prior to substitution answer to FAQ 17 read as follows, "*As per SEBI Circular dated September 09, 2020, SEBI has mandated system driven disclosure for members of promoter group and designated persons only in addition to promoters and directors of the company under Regulation 7(2) of SEBI (PIT) Regulations, 2015."*

[37] Substituted for "do" vide Revised FAQs dated November 05, 2026

[38] Inserted vide the revised FAQs dated November 05, 2026.

[39] Inserted vide the revised FAQs dated November 05, 2026.

[40] Substituted for "trigger" vide Revised FAQs dated November 05, 2026

[41] Inserted vide Revised FAQs dated November 05, 2026

[42] 'Form C' substituted by 'Form B', vide the revised FAQs dated November 05, 2026.

Answer

The explanation to Regulation 7(2)(b) states that the disclosure of the incremental transactions after any disclosure under this sub-regulation shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) of sub-regulation (2). Hence, the next disclosure will be due when the next Rs. 10 lacs limit is breached.

20. Question

What must be the value that the designated person should mention while reporting trades to the Company? Should it be the market rate or should it be by subtracting Brokerage, Commission etc. i.e. net of taxes and all transaction charges?

Answer

For the purpose of reporting trades, market rate should be considered.

21. Question

Regulation 7 (2) (a) requires disclosure with respect to number of such securities acquired or disposed of within two trading days of such transaction if the traded value exceeds Rs. 10 Lakhs. Whether such disclosures are required in case of allotment of shares by way of bonus/rights/mergers?

Answer

Yes, the number of securities acquired or disposed beyond the prescribed threshold, irrespective of the mode of acquisition or disposal, shall be disclosed, except bonus issuance and shares received pursuant to a scheme[43].

22. Question

Whether disclosure requirement under regulation 7(2) (a) of SEBI (PIT) Regulations would be applicable to designated person alone or it would include such person's immediate relatives?

Answer

Regulation 6(2) of SEBI (PIT) Regulations specifies that disclosures to be made by any person under [44][Chapter III] (Disclosures of Trading by Insiders) shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes

[43] Please refer Informal Guidance dated April 24, 2017 in the matter of Kotak Mahindra Bank Ltd. at https://www.sebi.gov.in/enforcement/informal-guidance/may-2017/informal-guidance-in-the-matter-of-kotak-mahindra-bank-ltd-_34811.html.

[44] Substituted "this Chapter" with "Chapter III" vide the revised FAQs dated November 05, 2026.

trading decisions. Hence, disclosure requirement is [45][also] applicable to immediate relatives of the designated persons.

23. Question

In case a designated person is taking financial assistance for acquiring the ESOP Shares, [46][is Form B] required to be filed?

Answer

[47][Irrespective of the mode of funding], disclosures are required [to be made[48]] on receipt of shares pursuant to exercise of ESOPs.

24. Question

Whether transfer of shares from one Demat account to another Demat account of the same person will trigger the disclosure requirements?

Answer

Since beneficiary ownership remains the same, the transfer of shares will not qualify as trading. Hence, disclosure requirements for the same will not be required. However, the disclosure requirements shall be applicable in cases where one of the demat accounts has more than single ownership.

F. Pre-clearance

25. Question:

Whether requirement of pre-clearance is applicable for exercise of employee stock options?

Answer:

Employee stock options being issued under [49][SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021], the exercise of such stock options is covered under clause 4(3)(b) of Schedule B of the SEBI (PIT) Regulations, 2015. Thus, no pre-clearance is required

[45] Substituted "applicable to designated person along with its immediate relatives", vide the revised FAQs dated November 05, 2026.
[46] Substituted "do Form C " by "is Form B", vide the revised FAQs dated November 05, 2026
[47] Inserted vide the revised FAQs dated November 05, 2026.
[48] Inserted vide Revised FAQs dated November 05, 2026
[49] Substituted "SEBI (Share Based Employee Benefits) Regulations, 2014" by "SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021", vide the revised FAQs dated November 05, 2026.

for exercise of stock options. [50]However, pre-clearance would be required for sale of shares obtained by employees after exercise of options.

26. Question

Can a managing director trade in its own company's shares with pre – clearance alone or a trading plan is necessary?

Answer

Yes, managing director can trade with pre-clearance alone, if not in possession of UPSI. However, if the code of conduct of the company mandates trading plan for persons who may be perpetually in possession of unpublished price sensitive information, such persons shall abide by such code of conduct.

27. Question

Is pre-clearance required for cashless option of ESOP wherein employees avail Sell-all/sell to cover option involving market sale of shares acquired under ESOP?

Answer

Yes, pre-clearance is required for cashless options because exercise of options and sale of shares acquired under ESOP are taking place simultaneously. Further, only exercising of ESOP is exempted from taking pre-clearance.

28. Question

[51][Is] pre-clearance required in case of off-market transfer of securities?

Answer

For the purpose of PIT regulations, trade includes both on-market and off-market [52][transactions]. Hence, off-market transfer of securities would require pre-clearance as per the code of conduct of the company.

[50] Substituted vide the revised FAQs dated November 05, 2026. Prior to substitution it read as follows, "*However, sale of shares by employees obtained after exercise of options shall not be covered under the aforesaid Clause*".
[51] Substituted "Does" by "Is", vide the revised FAQs dated November 05, 2026
[52] Inserted vide revised FAQs dated November 05, 2026.

G. Trading Window Closure

29. Question

Whether designated person can trade during the trading window closure for which pre-clearance was earlier provided by the compliance officer when the trading window was [53][open]?

Answer

The designated person cannot trade when the trading window is closed by the compliance officer. Any earlier pre-clearance obtained when the trading window was open, would be invalid once the trading window is closed.

30. Question

Can grant of ESOP be made in trading window closure period?

Answer

Grant of ESOP refers to a right but not an obligation to acquire the shares of the company as and when the options are vested and correspondingly exercised by the Employees. Hence, grant of ESOP per se is not trading and accordingly can be made during [54]trading window closure.

31. Question

If the trading window is closed, whether the compliance officer is required to inform the designated persons or rejecting their trades during pre-clearance would be sufficient?

Answer

The compliance officer shall communicate the closure of trading window to the designated persons. Mere rejection of their trades during pre-clearance would not be sufficient.

32. Question

When should the trading window be closed by the company?

Answer

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

[53] substituted 'opened" by "open", vide the revised FAQs dated November 05, 2026

[54] Substituted "trading window of closure" by "trading window closure", vide the revised FAQs dated November 05, 2026

unpublished price sensitive information. [55][Further, with regard to UPSI pertaining to financial results, the trading window shall be closed from end of every quarter till 48 hours after declaration of financial results.]

33. Question

Shall the trading window be closed for every UPSI?

Answer

Yes.

34. Question

During trading window closure, whether trades pursuant to trading plan can be executed?

Answer

[56][Clause 4(3)(a)] of Schedule B read with Regulation 4(1)(vi) provides that trading window restrictions shall not apply in respect of trades pursuant to a trading plan.

35. Question

Can insiders trade through block deal window mechanism during trading window closure?

Answer

[57][Clause 4(3)(a)] of Schedule B read with Regulation 4(1)(ii) provides that trading window restrictions shall not apply in respect of trades carried out through the block deal window mechanism between insiders [58][who were in possession of same UPSI] without being in breach of regulation 3 and both parties had made a conscious and informed trade decision, [59][subject to pre-clearance by the compliance officer and compliance with the provisions of PIT Regulations and respective regulations made by SEBI.]

[55] Inserted vide revised FAQs dated November 05, 2026
[56] Substituted "Clause 4(3)" with "Clause 4(3)(a), vide the revised FAQs dated November 05, 2026.
[57] Substituted "Clause 4(3)" with "Clause 4(3)(a), vide the revised FAQs dated November 05, 2026.
[58] Inserted vide revised FAQs dated November 05, 2026.
[59] Inserted vide revised FAQs dated November 05, 2026.

H. Contra-trade

36. Question

Does the contra trade restriction (for a period not less than six months) under clause 10 of Schedule B of the Regulations also apply to the exercise of ESOPs and the sale of shares so acquired?

Answer

Any buy/sell trade, undertaken by a Designated Person (DP) and their immediate relatives, within 6 months [60][(or as specified by the listed company in its code of conduct, subject to minimum of 6 months)] of an earlier sell/buy trade, respectively, [61][*] will tantamount to contra trade [62][violation], subject to other relaxations.

In respect of ESOPs, subscribing, exercising and subsequent sale of shares, so acquired by exercising ESOPs (hereinafter "ESOP shares"), shall not attract contra trade restrictions. Further, if the ESOP shares are sold in multiple transactions, it will not attract contra trade restrictions.

Further, it is to be noted that other provisions of the Regulations shall apply to the sale of shares so acquired through exercising ESOPs.

Table below provides for different scenarios involving buy/sale of ESOP shares, elucidating the principles provided above [63](contra-trade period is assumed as 6 months):

Transaction Date – Jan 01, 2021 ***(A)***	***Transaction Date – Feb 01, 2021*** ***(B)***	***Transaction Date – March 01, 2021*** ***(C)***	***Transaction Date – August 01, 2021*** ***(D)***	***Transaction Date – September 01, 2021*** ***(E)***	***Contra Trade*** ***(F)***
-	*ESOPs - Acquire* [#]	*ESOPs - Dispose*[$]	-	-	*No*
-	*ESOPs - Acquire* [#]	*ESOPs - Dispose*[$]	*ESOPs - Dispose*[$]	-	*No*
-	*ESOPs - Acquire* [#]	*Market - Acquire*[@]	*ESOPs - Dispose*[$]	-	*Yes, Transaction*

[60] Inserted vide revised FAQs dated November 05, 2026.
[61] Omitted "*where both the trades have been done in open market*", vide the revised FAQs dated November 05, 2026
[62] Inserted vide revised FAQs dated November 05, 2026.
[63] Inserted vide Revised FAQs dated November 05, 2026

Transaction Date – Jan 01, 2021 ***(A)***	***Transaction Date – Feb 01, 2021*** ***(B)***	***Transaction Date – March 01, 2021*** ***(C)***	***Transaction Date – August 01, 2021*** ***(D)***	***Transaction Date – September 01, 2021*** ***(E)***	***Contra Trade*** ***(F)***
					D is contra to C
-	*ESOPs - Acquire #*	*ESOPs - Dispose$*	*Market - Acquire@*	-	*Yes, Transaction D is contra to C.*
Market - Dispose@	*ESOPs - Acquire #*	*ESOPs - Dispose$*	-	-	*No*
Market - Acquire @	*ESOPs - Acquire #*	*ESOPs - Dispose$*	-	-	*Yes, Transaction C is contra to A.*
Market - Acquire@	*ESOPs - Acquire #*	*ESOPs - Dispose$*	*Market - Acquire@*	*ESOPs - Dispose$*	*Yes, Transaction C is contra to A, D is contra to C and E is contra to D.*
Non – open Market – Acquire%	*ESOPs - Acquire #*	*ESOPs - Dispose$*	-	-	[64]*Yes, transaction C is contra to A*

- ***ESOPs – Acquire****: Shares acquired through exercising ESOPs*
$ - ***ESOPs – Dispose****: Shares disposed, which were acquired through exercising ESOPs.*
@ - ***Open Market - Acquire/Dispose****: Shares acquired or disposed in open market*
% - ***Non-Open Market – Acquire*** *- Shares acquired through corporate actions like Rights Issue, FPO, OFS, Bonus, Split, etc.*

37. Question

In case a [65][Designated Person] or a director enters into Future & Option contract of Near/Mid/Far month contract, on expiry will it tantamount to contra trade? If the scrip of the company is part of any Index, does the exposure to that index of the [66][Designated Person] or director also needs to be reported?

[64] Substituted vide revised FAQs dated November 05, 2026. Prior to substitution, it read as follows: "*No*"
[65] Substituted "employee" by "Designated Person", vide the revised FAQs dated November 05, 2026
[66] Substituted "employee" by "Designated Person", vide the revised FAQs dated November 05, 2026

Answer

Any derivative contract that is physically settled on expiry shall not be considered to be a contra trade. However, closing the contract before expiry (i.e. cash settled contract) would mean taking contra position. Trading in index futures or such other derivatives where the scrip is part of such derivatives, need not be reported.

38. Question

Whether contra trade is allowed within the duration of the trading plan?

Answer

Contra trade is not allowed within the duration of the trading plan.

39. Question

Whether the restriction on execution of contra trade in securities is applicable in case of buy back offers, open offers, rights issues, FPOs, OFS, share split, bonus, exit offers, merger/amalgamation, demerger, etc. by/of listed companies?

Answer

Any acquisition of securities by way of Rights issue, Follow-on Public Offer (FPO), Offer for Sale (OFS), Bonus issue, Share Split, Merger/Amalgamation, Demerger [etc.][67], would not attract restriction of 'contra-trade', provided the initial transaction of disposal was completed in accordance with PIT Regulations.

Similarly, any disposal of securities by way of Buy-back, Open offer, Exit offer, Merger/Amalgamation [etc.][68] would not attract restriction of 'contra-trade', provided the initial transaction of acquisition was completed in accordance with PIT Regulations.

40. Question

In case securities are acquired/disposed of pursuant to rights issue, FPO, buy back offers, open offers, bonus, OFS, share split, merger/amalgamation, demerger etc., whether the contra trade restrictions would apply if such securities are disposed/acquired through open market trade[69], before completion of 6 months from the initial date of acquisition/disposal?

[67] Inserted vide revised FAQs dated November 05, 2026

[68] Inserted vide revised FAQs dated November 05, 2026

[69] Any acquisition/disposal of shares undertaken through any corporate action i.e. Rights Issue, FPO, OFS, Bonus, Split, Exit offers, Buyback offer, Open offer, Merger/Amalgamation, Demerger etc. shall be considered as Non-open market trade, rest all kinds of transactions will be considered as Open Market trade

Answer

If the initial transaction is an acquisition by way of Rights issue, Follow-on Public Offer (FPO), Offer for Sale (OFS), Bonus issue, Share Split, Merger/Amalgamation, Demerger [etc.][70], then subsequent disposal of securities within 6 months from the date of initial transaction would be considered as a contra trade. Similarly, if the securities are disposed through Buy-back, Open offer [etc.][71], then subsequent acquisition of securities within 6 months from the date of initial transaction would be considered as a contra trade.

However, for the transactions involving merger/amalgamation, demerger, bonus and split, the period of 6 months shall be calculated as under:

a) Merger/amalgamation – For securities received subsequent to a merger/amalgamation, period of 6 months is to be calculated from the date of acquisition of securities of the entity (ies), which were merged/amalgamated.

   However, if an unlisted entity gets merged/amalgamated with the listed entity, the employees of the unlisted entity who are now the Designated Persons of the listed entity as a result of merger/ amalgamation, the period of six (6) months for such Designated persons shall be counted from the first transaction in the entity, post-merger/ amalgamation.

b) Demerger - For securities received subsequent to a demerger, period of 6 months is to be calculated from the date of acquisition of the securities of the entity, which was demerged.

c) Bonus and share split – For securities received subsequent to bonus or share split, 6 months to be calculated from the date of acquisition of original securities, on which bonus/split shares were received.

41. Question

Whether restriction on execution of contra trade is applicable only to designated persons of a listed company or whether it would also apply to the designated [72][persons] of market intermediaries and other persons who are required to handle UPSI in the course of business operations?

[70] Inserted vide revised FAQs dated November 05, 2026
[71] Inserted vide revised FAQs dated November 05, 2026
[72] Substituted “employees” with “persons”, vide the revised FAQs dated November 05, 2026.

Answer

[73][Yes. In terms of Clause 8 of Schedule C read with Regulation 9 of PIT Regulations, contra trade restrictions would be applicable to the designated persons of intermediaries and other persons who are required to handle UPSI in the course of business operations, who are connected person of listed company and permitted to trade in securities of such listed company.]

42. Question

Whether the contra trade restrictions as prescribed in Schedule B and Schedule C of SEBI (PIT) Regulations, 2015 are applicable on designated person only or designated person and their immediate relatives?

Answer

Clause 3 of Schedule B and Schedule C, specifies that designated persons and immediate relatives of designated persons in the organization, shall be governed by an internal code of conduct governing dealing in securities. Hence, contra-trade restrictions (as mentioned in code of conduct) would be applicable to designated person and their immediate relatives collectively.

42A. Question

If Designated Person (DP) is holding shares under his PAN in different capacities viz. in his personal capacity, in the capacity of trustees, in the capacity of an executor of will, etc., will the restrictions of contra trade be applicable to all the shares held in all the capacities collectively or individually?

Answer

The restriction to engage in contra trade as provided under the provisions of the PIT Regulations would be applicable to all the shares held under the PAN of the Designated Person, irrespective of the capacities in which such Designated Person holds such shares in the Company.

[73] Substituted vide revised FAQs dated November 05, 2026. Prior to substitution, answer to FAQ 41 read as follows: *"The code prescribed by the Regulations is same for listed companies, market intermediaries and other persons who are required to handle UPSI in the course of business operations. Therefore, restrictions with regard to contra trade forming part of clause 10 of code of conduct shall apply to all according to the Regulations."*

43. Question

[74][Do] contra trade restrictions apply [*] [75]Share wise or Date wise?

Example: A Designated Person purchased 100 Shares on November 1, 2020 and then again [76][bought] 100 Shares on December 1, 2020. Whether the person can sell the 100 Shares acquired in November 2020 in May 2021? Or it will be treated as contra trade [77]violation?

Answer

Contra trade restrictions are applicable [*][78] date wise. Since shares [were[79]] last bought on December 01, 2020 [80][sale of shares within six months of buy transaction would attract contra trade restrictions. Therefore, selling of shares in May 2021, i.e. within six months of previous buy transaction which was on December 01, 2020, would be considered as contra trade violation.

However, the compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate PIT regulations.]

44. Question

[Do[81]] contra-trade restrictions apply to debt securities of the company?

Answer

For the applicability of SEBI (PIT) Regulations, securities shall have the same meaning assigned to it under the Securities Contracts (Regulation) Act, 1956, [82][which] inter-alia covers debt securities. Hence, contra trade restrictions would apply to debt securities.

[74] Substituted "does" by "do" vide revised FAQs dated November 05, 2026
[75] Omitted "on" vide revised FAQs dated November 05, 2026
[76] Inserted vide revised FAQs dated November 05, 2026
[77] Inserted vide revised FAQs dated November 05, 2026
[78] Omitted "on" vide the revised FAQs dated November 05, 2026
[79] Substituted "are" by "were" vide Revised FAQs dated November 05, 2026
[80] Substituted vide revised FAQs dated November 05, 2026. Prior to substitution, it read as follows, "the person cannot trade for a period of 6 months from December 01, 2020."
[81] Substituted "does" by "do" vide Revised FAQs dated November 05, 2026
[82] Inserted vide revised FAQs dated November 05, 2026.

44A. Question

Whether the Designated Person can trade in the Rights Entitlement if he/ she has earlier acquired the shares of the Company (within the six (6) months period)?

Answer

Trading in Rights Entitlements tantamount to open market trade in the Company securities and contra trade provisions are applicable on them. Thus, if the Designated Person has earlier acquired the shares of the Company and if they sell the Right Entitlement within a time span of six (6) months, it will attract contra trade provisions.

45. Question

In case promoter gifts shares of the company to his niece who is not part of promoter group & not financially dependent on promoter:

i. **Is gift of shares to be considered as trading under SEBI (PIT) Regulations? Whether it [requires[83]] compliance with disclosure, pre-clearance and contra-trade restrictions?**

Answer

"Trading" means and includes subscribing, [84][redeeming, switching], buying, selling, dealing, or agreeing to subscribe, [85][redeem, switch], buy, sell, deal in any securities, and accordingly gifting shall be construed as dealing in shares. Thus, gift is a trade and the promoter shall be required to comply with requirement of disclosure, pre-clearance and contra trade restrictions.

46. Question

Can the compliance officer grant relaxation from contra-trade restrictions?

Answer

As per code of conduct, the compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations.

[83] Substituted “require” by “requires” vide Revised FAQs dated November 05, 2026

[84] Inserted vide revised FAQs dated November 05, 2026, in line with SEBI (PIT) (Amendment) Regulations, 2022.

[85] Ibid

47. Question

Is Contra Trade restriction only applicable to trades under Pre – Clearance or on any transaction even if the trading does not exceed the threshold limit [86]for pre-clearance?

Answer

Contra Trade restrictions are applicable on each and every trade irrespective of whether the trades are below or above the threshold limit of Pre-Clearance.

[87][47A. Question

Whether revocation of pledge within six months of creation of pledge would attract contra trade restrictions?

Answer

Creation of pledge on shares and subsequent revocation/ release of pledge are 'opposite trades'. However, in case of creation of pledge/ revocation, the beneficial ownership does not change until the pledge is invoked. Therefore, revocation of pledge within six months of its creation shall not trigger contra trade restrictions under the PIT Regulations.

47B. Question

Whether sale of securities by the designated person within six months of revocation of pledge on such securities be considered as contra trade?

Answer

No, provided the designated person proves that the transaction is bonafide and subject to grant of pre-clearance by the compliance officer and compliant as per Clause 6 of Schedule B r/w Regulation 9 of PIT Regulations and in compliance with other provisions of PIT Regulations.

47C. Question

Whether invocation of pledge on shares can be construed as a "contra trade" vis-à-vis creation of such pledge?

Answer

In case of invocation of pledge, there is a change in beneficial ownership of shares and the same may be considered akin to sale of shares. However, invocation of pledge by itself may

[86] Inserted vide revised FAQs dated November 05, 2026.
[87] Inserted vide revised FAQs dated November 05, 2026.

not be construed as contra trade vis-à-vis the creation of such pledge provided that the designated person does not undertake or has not undertaken any transaction involving acquisition of shares, other than via exercise of ESOP, occurring within a period of not less than six months prior to or subsequent to the invocation of pledge.

47D. Question

Whether reversal of lending within six months of lending of securities under Securities Lending and Borrowing Scheme (SLB Scheme), would attract contra trade restrictions?

Answer

As per Clause 4(2) and 4(4) of the Securities Lending Scheme, 1997, the lender continues to retain the beneficial interest and entitlement to corporate benefits in the securities while the same are deposited with the approved intermediary and the lending of securities under the scheme through an approved intermediary and the return of the equivalent securities of the same type and class by the borrower are not treated as disposal of the securities. In view of the above, reversal of lending within 6 months of lending of securities would not be considered as violation of contra trade provisions provided the designated person proves that the transaction is bonafide and subject to grant of pre-clearance by the compliance officer.]

I. Designated Person and Immediate Relatives

48. Question

In case a designated person resigns, what information should be collected by the company/ intermediary/ fiduciary under PIT Regulations?

Answer

All information which is required to be collected from designated persons, should be collected till date of service of such employees with the company. Upon resignation from service of designated person, a company/ intermediary/ fiduciary should maintain the updated address and contact details of such designated person. The company/intermediary/ fiduciary should make efforts to maintain updated address and contact details of such persons for one year after resignation from service. Such data should be preserved by the company/ intermediary/ fiduciary for a period of 5 years.

49. Question

Is it mandatory to include all team members of support staff i.e. IT, secretarial, finance etc. in the list of designated [persons] [88]or only manager & above to be included in the list.

Answer

As per Regulation 9(4), designated persons [89][are] to be covered by the code of conduct on the basis of their role and function in the organisation and the access that such role and function would provide to UPSI in addition to seniority and professional designation. Further, Regulation 9(4)(v) [specifies that] [90]any support staff of listed company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information shall be included in the list of designated [persons][91].

50. Question

Should whole-time director/managing director of a holding company be added as designated person of the subsidiary company?

Answer

The guiding principle for identifying designated person is role and function in the organisation and the access that such role and function would provide to UPSI. Since whole-time director/managing director of holding company may have access to UPSI of its subsidiary company, the same [92][may] be added as designated person of the subsidiary company.

51. Question

As per regulation 9(4), whether the term "all promoters" cover promoter group under the ambit of designated person?

Answer

Regulation 9(4) (iii) specifies that all promoters of listed companies and promoters who are individuals or investment companies for intermediaries or fiduciaries shall be included as designated person. Further, if promoter group is having access to UPSI then the same shall also be included under the ambit of designated person.

[88] Substituted "person" by "persons" vide Revised FAQs dated November 05, 2026
[89] Inserted vide revised FAQs dated November 05, 2026.
[90] Substituted "specify" by "specifies that" vide Revised FAQs dated November 05, 2026
[91] Substituted "person" by "persons" vide Revised FAQs dated November 05, 2026
[92] Substituted "shall" by "may", vide the revised FAQs dated November 05, 2026.

52. Question

Whether the immediate relative of the designated person can trade in the derivatives of the company?

Answer

Yes. Designated person and its immediate relative can trade in derivatives when not in possession of UPSI and such trades are accordingly governed by the code of conduct.

[93]**[52A. Question**

Does the scope of Code of Conduct extend to relatives of Designated Persons as defined under Regulation 2 (1) (hc) of PIT Regulations?

Answer

As per Clause 3 of Schedule B read with regulation 9(1) of PIT Regulations, Designated Persons and their immediate relatives as defined under Regulation 2 (1) (f) shall be governed by the internal code of conduct governing dealing in securities.

52B. Question

Whether the Designated Person is required to disclose details of all relatives to the company?

Answer

No. In terms of Clause 14 of Schedule B read with regulation 9 of PIT Regulations, 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.]

J. General

53. Question:

Whether trading in ADRs and GDRs by employees of Indian companies who are foreign nationals is covered under provisions of PIT Regulations on code of conduct?

Answer:

Yes, trading in ADRs and GDRs of listed companies is covered under relevant provisions of PIT Regulations. Employees of such companies, including foreign nationals, who are

[93] Inserted vide revised FAQs dated November 05, 2026

designated persons, shall be required to follow the code of conduct for trading in ADRs and GDRs. For such disclosures by such designated persons, a unique identifier analogous to PAN may be used.

54. Question

Who will be approving authority for trades done by the compliance officer or his immediate relatives, as Insiders?

Answer

The board of directors of the company shall be the approving authority in such cases and may stipulate such procedures as are deemed necessary to ensure compliance with these regulations.

55. Question

Whether separate code of conduct [94][should] be adopted for listed company and each of intermediaries in a group?

Answer

In case of a group, separate code [95][should] be adopted for listed company and each of intermediaries, as applicable to the concerned entity.

56. Question

Whether chief investor relations officer will also be responsible along with compliance officer for not disseminating information or non-disclosure of UPSI?

Answer

Regulation 2 (c) clearly provides the functions and responsibilities of the compliance officer. Specific responsibilities to deal with dissemination of information and disclosure of unpublished price sensitive information are given to Chief Investor Relations Officer (CIRO) under clause 3 of Schedule A.

It is company's discretion to designate two separate persons as CIRO and compliance officer, respectively for fulfilling specified responsibilities. In cases where both CIRO and compliance officer have been designated for overlapping functions, they shall be jointly and severally responsible.

[94] Substituted "can" by "should", vide the revised FAQs dated November 05, 2026.

[95] Substituted "may" by "should", vide the revised FAQs dated November 05, 2026

57. Question

If a spouse is financially independent and does not consult an insider while taking trading decisions, is that spouse exempted from the definition of 'immediate relative'?

Answer

A spouse is presumed to be an 'immediate relative', unless rebutted so.

58. Question

What is the scope of the term 'investment company' as mentioned in Regulation 9(4)(iii)?

Answer

The regulation 9 (4) (iii) intends to include only those non-individual corporate promoters of intermediaries or fiduciaries as designated person, whose main object or principal activity, is investing in securities of other companies. For e.g. if the promoter of a broking entity is a Bank, then such promoter shall not be specified as designated person to be covered by the code of conduct of the intermediary. However, if the promoter of a broking entity is an investment company which holds investments in various companies, then such an entity shall be specified as designated person to be covered by the code of conduct of the intermediary.

59. Question

Whether entities who have participated as a prospective bidder in the bidding process of a listed company, under the Corporate Insolvency Resolution Process (CIRP), can buy/sell the listed securities of the said company, either on Exchange/on preferential basis/through any bidding process?

Answer

Regulation 4(1) of the PIT Regulations requires that no insider shall trade in securities that are listed or proposed to be listed on a stock exchange, when in possession of unpublished price sensitive information. Thus, if an entity had access to the UPSI during the bidding process of the company under CIRP, then the requirements under the PIT Regulations need to be abided with.

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