



## CONSULTATION PAPER ON IFSCA (PROHIBITION OF MARKET ABUSE IN SECURITIES MARKETS) REGULATIONS, 2026

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### A. Objective

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1. The objective of this consultation paper is to seek comments / views from public on the proposed International Financial Services Centres Authority (Prohibition of Market Abuse in Securities Markets) Regulations, 2026.

### B. Background

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2. As per section 13 of the IFSCA Act, IFSCA has been delegated the same powers of RBI, SEBI, IRDAI and PFRDA provided under 15 Acts (mentioned under Schedule I of the IFSCA Act) for the purpose of regulating the financial products, financial services or financial institutions in the International Financial Services Centres in India.

3. In terms of section 34 of the IFSCA Act,

*All rules and regulations made or purporting to have been made or all notifications issued or purporting to have been issued under any Central Act relating to the financial products, financial services or financial institutions, as the case may be, shall, in so far as they relate to matters for which provision is made in this Act or the rules or regulations made or notification issued thereunder and are not inconsistent therewith, be deemed to have been made or issued under this Act as if this Act had been in force on the date on which such rules were made or notifications were issued and shall continue to be in force unless and until they are superseded by any rules or regulations made or notifications issued under this Act.*

4. Accordingly, the regulations notified by SEBI for the purpose of regulating securities markets continued to apply in the IFSC, until they were superseded by regulations by IFSCA.
5. One of the core objectives of financial sector regulators is to ensure that the markets are fair, efficient and transparent that protects the interests of investors. To ensure confidence, trust and integrity in securities market, the regulator of



the securities market needs to ensure fair market conduct which can be ensured by prohibiting, preventing, detecting and punishing such market conduct that leads to 'market abuse'. It is therefore essential that the regulations should detect, deter and penalize market manipulation and other unfair trading practices. In accordance with section 34 of the IFSCA Act, 2019 the following regulations shall continue to apply in IFSC unless and until they are superseded by new regulations:

- i) SEBI (Prohibition of Insider Trading) Regulations, 2015
  - ii) SEBI (Prohibition of Fraudulent and Unfair Trade Practice relating to Securities Market) Regulations, 2003
6. The objective of the proposed regulations is to replace the applicability of the aforesaid SEBI regulations with new regulations for prohibiting market abuse namely, the IFSCA (Prohibition of Market Abuse in Securities Markets) Regulations, 2026.

### **C. Global Best Practices**

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7. The draft regulations on prohibition of market abuse in securities market have been prepared taking into consideration the [IOSCO Principles](#) (Principles relating to Enforcement), the IOSCO report titled "[Credible Deterrence in the Enforcement of Securities Regulation](#)" and the global best practices in various jurisdictions such as Singapore, Hong Kong, UK and the European Union.

#### **IOSCO Principles**

8. The relevant IOSCO Principles relating to Enforcement are as follows:
- i. *Principle 10 - The Regulator should have comprehensive inspection, investigation and surveillance powers;*
  - ii. *Principle 11 - The Regulator should have comprehensive enforcement powers; and*
  - iii. *Principle 12 - The regulatory system should ensure an effective and credible use of inspection, investigation, surveillance and enforcement powers and implementation of an effective compliance program.*
9. Principle 12 requires the regulator to demonstrate how the regulatory system in place, and its own organization, provides for an effective and credible use of inspection, investigation, surveillance and enforcement powers and compliance



programs. In particular, the regulator should be able to demonstrate that there is a system to take effective inspection, investigation, surveillance and enforcement actions and that, where appropriate, actions have been undertaken to address misconduct or abuses. An effective program, for example, could combine various means to identify, detect, deter and sanction such misconduct. A wide range of possible sanctions could meet the standards according to the nature of the legal system assessed. The regulator, however, should be able to provide documentation that demonstrates that sanctions available (whatever their nature) are effective, proportionate and dissuasive.

10. The IOSCO Report titled '*Credible Deterrence in the Enforcement of Securities Regulation*' highlights useful enforcement practices and powers adopted by various regulatory authorities around the world to promote and encourage credible deterrence as follows:

- i. *Factor 1: Legal certainty: Certain and predictable consequences for misconduct*
- ii. *Factor 2: Detecting misconduct: By having access to good information*
- iii. *Factor 3: Co-operation and collaboration to eliminate wrongdoer safe havens*
- iv. *Factor 4: Investigation and prosecution of misconduct: Bold and resolute enforcement*
- v. *Factor 5: Sanctions: Strong punishments - no profit from misconduct*
- vi. *Factor 6: Public messaging: Promoting public understanding and transparency*
- vii. *Factor 7: Regulatory governance: Good governance delivering better enforcement*

### **United Kingdom**

11. The Financial Conduct Authority (FCA), UK has notified the Market Abuse Regulation (MAR) which *inter alia* covers the following aspects:

- a) Definition of '*Inside Information*'



- b) Insider Dealing and Unlawful Disclosure
- c) Market Soundings
- d) Market Manipulation
- e) Exemptions – Buyback programmes and stabilisation measures; Accepted market practices
- f) Disclosures:
  - Disclosure and delaying disclosure of inside information
  - Insider lists
  - Suspicious transaction and order reports
  - Managers' transactions
  - Investment Recommendations

For more details, please refer to website of FCA at [Market Abuse Regulation | FCA](#)

## Singapore

12. The Securities and Futures Act, 2001 (“SFA”) governs the regulation of activities and institutions in the securities and derivatives industry. Part 12 of the SFA Act specifies requirements relating to *Market Conduct* covering the following aspects:

- a. Prohibited Conduct – Capital Market Products
  - i. False trading and market rigging transactions
  - ii. Market manipulation in relation to securities and securities-based derivatives contracts
  - iii. False or misleading statements, etc.
  - iv. Fraudulently inducing persons to deal in capital markets products
  - v. Employment of manipulative and deceptive devices
  - vi. Bucketing
  - vii. Manipulation of price of derivatives contracts and cornering
  - viii. Dissemination of information about illegal transactions
  - ix. Continuous Disclosures
- b. Prohibited Conduct – Financial Benchmarks



### c. Insider Trading

- i. Information generally available
- ii. Material effect on price or value of securities, securities-based derivatives contracts or CIS units
- iii. Trading and procuring trading in securities, securities-based derivatives contracts or CIS units
- iv. Prohibited conduct by connected person in possession of inside information
- v. Prohibited conduct by other persons in possession of inside information
- vi. Not necessary to prove intention to use
- vii. Exceptions
  - Redemption of units in collective investment scheme
  - Underwriters
  - Purchase pursuant to legal requirement
  - Information communicated pursuant to legal requirement
  - Attribution of knowledge within corporations
  - Attribution of knowledge within partnerships and limited liability partnerships
  - Knowledge of individual's own intentions or activities
  - Corporations and its officers, etc.
  - Unsolicited transactions by holder of capital markets services licence and representatives.

For more details, please refer to the website of [Singapore Statutes Online](#).

### **Hong Kong**

13. The Securities and Futures Ordinance ("SFO") governs the regulation of securities and futures market in Hong Kong. The regulatory provisions relating to market abuse have been specified under Part XIII - Market Misconduct Tribunal (civil proceedings) and Part XIV - Offences Relating to Dealings in Securities and Futures Contracts, etc. (criminal proceedings).

14. Part XIII of the SFO covers the following types of mis-conduct:

- a) insider dealing;
- b) false trading;
- c) price rigging;
- d) disclosure of information about prohibited transactions;
- e) disclosure of false or misleading information inducing transactions;



f) stock market manipulation,

and includes attempting to engage in, or assisting, counselling or procuring another person to engage in, any of the conduct referred to in paragraphs (a) to (f) above.

For more details, please refer to [Securities and Futures Ordinance](#).

### **DIFC, Dubai**

15. The regulatory framework for Prevention of Market Abuse has been specified under Part 6 of Markets Law by the Dubai Financial Services Authority (DFSA). The regulatory framework specified by DFSA covers the following areas:

- a) Fraud and market manipulation
- b) False or misleading statements
- c) Use of fictitious devices and other forms of deception
- d) False or Misleading conduct and distortion
- e) Insider dealing
- f) Providing inside information
- g) Inducing persons to deal
- h) Misuse of information
- i) Defenses for market manipulation, insider dealing and providing inside information
- j) Chinese wall arrangements

For more details, please refer to [Markets Law](#) by DFSA.

### **D. Prohibiting Market Abuse – Rule based vs. Principle based Regulation**

16. Market Abuse is a concept that encompasses unlawful behaviour in the financial markets and generally consists of Insider Trading, Market Manipulation, Fraudulent Trading and Unfair Trade Practices.

17. SEBI had constituted a *Committee on Fair Market Conduct* under the chairmanship of Shri T. K. Viswanathan, Ex-Secretary General, Lok Sabha and Ex- Law Secretary. The Committee made several recommendations to SEBI for necessary amendments in SEBI's PIT Regulations and SEBI's PFUTP Regulations. The Viswanathan Committee also deliberated on the issue "*Rule Based vs. Principle Based Regulations*" in the context of specifying requirements for prohibition of market abuse. The deliberations on this particular issue included:



*As innovation leads to new types of market practices, it exposes markets to new methods of fraud. Also, over time, system based controls can eliminate certain types of fraudulent practices. Hence, the question arises whether regulations need to be principle based so as to cover the broad contours of the fraudulent activity without prescribing specific details of activity that is prohibited. On the other hand, rule-based regulations are more precise, making it clear to market participants the specific conduct that is prohibited, and also reduce the burden on the regulatory system of trying to cover various acts under the principles. However, the rules become obsolete with time and may not adequately cover new practices resulting from use of technology or financial innovation which could lead to manipulative activity escaping regulatory attention.*

The Viswanathan Committee recommended that –

*After deliberations, the Committee noted that such a combination of rule-based and principle-based approach is appropriate for the present stage of market development as such an approach not only enunciates the broad principles for ensuring fair markets but also enables rules to be specified to prohibit an illustrative list of identifiable unfair and manipulative trade practices.*

18. A combination of rule-based and principle-based approach has been considered while drafting the regulations for prohibiting market abuse in IFSC.

#### **E. Standing Committee on Primary Markets**

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19. The Standing Committee on Primary Markets (“the Committee”) has deliberated over the regulations for prohibiting market abuse in the IFSC. The regulations have been drafted after considering the rules/regulations for prohibition of market abuse / market manipulation in various global markets.



## **F. Proposed IFSCA (Prohibition of Market Abuse in Securities Markets) Regulations, 2026**

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20. The salient features of the proposed IFSCA (Prohibition of Market Abuse in Securities Markets) Regulations, 2026 are as under:

### **I. Key Definitions**

#### **i. Connected Person**

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 or holds any position including a professional or business relationship whether temporary or permanent, that allows such person, directly or indirectly, access to material non-public information or is reasonably expected to allow such access.

#### **ii. Material non-public information**

Any information, pertaining to a listed entity or its securities, directly or indirectly, which is not generally available and which upon becoming generally available, is likely to materially impact the price of the securities. An inclusive list of information considered as material has also been listed in the definition.

#### **iii. Insider**

Any person who is:

- a) a connected person; or
- b) in possession of or having access to material non-public information;

### **II. Communication or procurement of material non-public information**

No insider shall communicate, procure, provide, or allow access to any material non-public information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except



where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

### **III. Trading while in possession of material non-public information**

No insider shall trade in the securities of a company listed or proposed to be listed when in possession of material non-public information, except the following:

- a) Off-market transfer between insiders in possession of same material non-public information
- b) Transaction through block deal window mechanism between the persons in possession of material non-public information
- c) Transaction has been carried out pursuant to statutory or regulatory obligation
- d) transaction was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined
- e) In case of non-individual insiders,
  - i. the individuals taking the trading decisions were different from the individuals in possession of material non-public information; and
  - ii. appropriate and adequate arrangements were in place to ensure that these regulations are not violated.
- f) trades were pursuant to an irrevocable trading plan disclosed to the stock exchange (s) 120 days in advance, setting out either value of trade or number of securities to be traded, upper price limit for a buy trade, lower price limit for a sell trade and such other conditions, if any, specified by the Authority.

### **IV. Disclosure by insiders trading in securities**

Every insider shall disclose to the company the trading details within two trading days of the transaction, if the value of such transaction or series of transactions over any quarter, exceeds USD 25,000/-. The listed entity shall within two working days disclose such information to the stock exchange (s) where its securities are listed and also host on its website.



## **V. Prohibition of certain dealings in securities**

No person shall directly or indirectly –

- a) buy, sell or otherwise deal in securities in a fraudulent manner;
- b) use or employ, in connection with issue, purchase or sale of any securities listed or proposed to be listed, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
- c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed;
- d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed in contravention of the provisions of the Act or the rules and the regulations made there under.

## **VI. Prohibition of Manipulative, Fraudulent and Unfair Trade Practices**

(1) No person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities.

(2) A person shall not, directly or indirectly, engage, aid, assist, counsel or participate in any act, practice or course of conduct relating to securities that the person knows or reasonably ought to know:

- a) results in or contributes to, or may result in or contribute to, a misleading appearance of trading activity in, or an artificial price for, securities; or
- b) perpetrates a fraud on any person.

(3) A person shall not, engage in conduct in relation to securities that is misleading or deceptive or is likely to mislead or deceive another person.

(4) A person shall not, induce another person to deal in securities:



- a) by making or publishing a statement, promise or forecast if the person knows, or is reckless as to whether, the statement is misleading, false or deceptive;
- b) by a concealment of material facts.

(5) A person shall not, make a statement that the person knows or reasonably ought to know, at the time and in light of the circumstances under which it is made:

- a) is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading; and
- b) significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of securities.

(6) A person shall not make an offer of securities if there is:

- a) a misleading or deceptive statement in:
  - i. the offer document;
  - ii. any application form that accompanies the offer; or
  - iii. any other document that relates to the offer, or the application form;
- b) an omission from the offer document or application form or any other document as required by Law; or

## **VII. Deemed manipulative, fraudulent or unfair trade practice**

Following are proposed to be *inter-alia*, treated as deemed manipulative, fraudulent or unfair trade practice:

- a) Knowingly indulging in act creating false or misleading appearance
- b) Dealing in securities to inflate, depress or cause fluctuations in the price of securities for wrongful gain or avoidance of loss



- c) Inducing any person to deal in securities for artificial manipulation of the price
- d) Any act amounting to manipulation of the price of securities
- e) any act or omission amounting to manipulation of the price of securities including influencing or manipulating the reference price or benchmark price of securities
- f) Knowingly publishing or causing to publish the information relating to securities which is not true or does not believe to be true
- g) Entering into a transaction in securities without intention of performing it
- h) Selling, dealing or pledging of stolen, counterfeit or fraudulently issued securities
- i) Disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading
- j) A market participant entering into transactions on behalf of a client without knowledge or instruction of client
- k) Indulging in a circular transaction to artificially provide a false appearance of trading
- l) Fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income
- m) a person registered with the Authority predating or otherwise falsifying records including contract notes, client instructions, balance of securities statement or client account statements
- n) any order in securities placed by a person, while directly or indirectly in possession of information that is not publicly available, regarding a substantial impending transaction in that securities or its derivative
- o) knowingly planting false or misleading news which may induce sale or purchase of securities



- p) Mis-selling of securities or services relating to securities.
- q) cornering of securities to gain control with a view to establish artificial demand or price;
- r) buying and selling securities at the same price in order to artificially increase trading activity and generate interest;
- s) dissemination of a rumour or creation of misleading activity which could push the price of securities, upward or downward;
- t) short sell securities in the hope of diving the price down;
- u) submission of order and cancelling it, repeatedly with no intent to execute the order, only to alter the supply or demand to artificially establish demand and price and thus mislead the market;
- v) Any diversion, misutilisation or siphoning of assets or earnings of a company listed or to be listed or of a fund registered with the Authority;
- w) Manipulation of the books of accounts or financial statements which would directly or indirectly manipulate the price of securities;
- x) illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person.

#### **VIII. Defenses for Market Manipulation and Insider Trading**

It is proposed that a person shall not be found to contravene the provisions of these regulations, in the scenarios, *inter-alia* including the following:

- a) Reasonable inquiries and reasonable belief
- b) Reasonable reliance on information given by another person
- c) Conduct was in accordance with price stabilization requirements
- d) The dealing was in accordance with underwriting requirements



- e) The dealings occurred in its functions as a liquidator or receiver
- f) Dealing is undertaken legitimately and solely in the context of that person's public takeover bid
- g) Sole purpose of the Reporting Entity acquiring its own shares was to satisfy a legitimate reduction of share capital or to redeem securities in accordance with the Rules.
- h) Information was disclosed in accordance with any requirement of the law or a court order.

#### **IX. Institutional mechanism and code of conduct for prevention of Insider Trading and Market Abuse**

Entities listed on the recognised stock exchanges in IFSC and registered with the Authority is proposed to be required to put in place an adequate and effective system of internal controls and a code of conduct to ensure compliance with these regulations.

#### **G. Public Comments**

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- 21. Comments and suggestions from public are invited on the draft IFSCA (Prohibition of Market Abuse in Securities Markets) Regulations, 2026 as enclosed in **Annexure-I**.
- 22. Comments may be sent by email to **Shri Shubham Goyal**, Assistant General Manager at [goyal.shubham@ifsc.gov.in](mailto:goyal.shubham@ifsc.gov.in) and **Shri Hemant Verma**, Manager at [verma.hemant56@ifsc.gov.in](mailto:verma.hemant56@ifsc.gov.in) with a copy to **Shri Arjun Prasad**, General Manager at [arjun.pd@ifsc.gov.in](mailto:arjun.pd@ifsc.gov.in) with subject line "Comments on the draft IFSCA (Prohibition of Market Abuse in Securities Markets) Regulations, 2026" latest by **March 27, 2026**.



23. The comments should be provided in the following format:

<b>Name and Designation</b>				
<b>Contact No. and Email Address</b>				
<b>Name of Organisation</b>				
<b>S. No.</b>	<b>Regulation No.</b>	<b>Text of the Regulation</b>	<b>Comments/Suggestions/Suggested modifications</b>	<b>Detailed Rationale</b>

**March 06, 2026**  
**Gandhinagar**

**INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY  
NOTIFICATION**

Gandhinagar, the , 2026

**International Financial Services Centres Authority (Prohibition of Market Abuse  
in Securities Markets) Regulations, 2026**

**IFSCA/2025-26/GN/REG .....** —In exercise of the powers conferred by sub-section (1) of Section 28 read with sub-section (1) of Section 12 and sub-section (1) of Section 13 of the International Financial Services Centres Authority Act, 2019; the International Financial Services Centres Authority hereby makes the following regulations, namely:-

**CHAPTER I  
PRELIMINARY**

**Short title and commencement**

1. (1) These regulations may be called the International Financial Services Centres Authority (Prohibition of Market Abuse in Securities Markets) Regulations, 2026.

(2) They shall come into force on the date of their publication in the Official Gazette.

**Definitions**

2. (1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings as assigned to them below, and their cognate expressions shall be construed accordingly.

(a) “Act” means the International Financial Services Authority Act, 2019 (50 of 2019).

- (b) "Authority" means the International Financial Services Centres Authority established under sub-section (1) of section 4 of the Act.
- (c) "*connected person*" means 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 or holds any position including a professional or business relationship whether temporary or permanent, that allows such person, directly or indirectly, access to material non-public information or is reasonably expected to allow such access.
- (d) "*dealing in securities*" includes:
- (i) an act of buying, selling or subscribing pursuant to any issue of any securities or agreeing to buy, sell or subscribe to any issue of any securities or otherwise transacting in any way in any securities by any persons including as principal or agent, either by themselves or through mule accounts;
  - (ii) such other acts which may be knowingly designed to influence the decision of investors in securities; and
  - (iii) any act of providing assistance to carry out the aforementioned acts.
- (e) "*fraud*" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—
- i. a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

- ii. a suggestion as to a fact which is not true by one who does not believe it to be true;
- iii. an active concealment of a fact by a person having knowledge or belief of the fact;
- iv. a promise made without any intention of performing it;
- v. a representation made in a reckless and careless manner whether it be true or false;
- vi. any such act or omission as any other law specifically declares to be fraudulent,
- vii. deceptive behaviour by a person depriving another of informed consent or full participation,
- viii. a false statement made without reasonable ground for believing it to be true.
- ix. the act of an issuer of securities giving out misinformation that affects the market price of the securities, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And “*fraudulent*” shall be construed accordingly;

Nothing contained in this clause shall apply to any general comments made in good faith in regard to—

- i. the economic policy of the government
- ii. the economic situation of the country
- iii. trends in the securities market or
- iv. any other matter of a like nature

whether such comments are made in public or in private;

- (f) “*generally available information*” means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media;
- (g) “*immediate relative*” means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent

financially on such person, or consults such person in taking decisions relating to trading in securities;

- (h) *"insider"* means any person who is:
  - i. a connected person; or
  - ii. in possession of or having access to material non-public information;
  
- (i) *"International Financial Services Centre"* shall have the same meaning as assigned to it under clause (g) of sub-section (1) of section 3 of the Act.
  
- (j) *"listed"* means listed on any recognised stock exchange in the International Financial Services Centre.
  
- (k) *"material non-public information"* means any information, pertaining to a listed entity or its securities, directly or indirectly, which is not generally available and which upon becoming generally available, is likely to materially impact 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, award or termination of order/ contracts not in the normal course of business and such other transactions;
  - v. changes in key managerial personnel, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;
  - vi. change in rating(s), other than ESG rating(s);
  - vii. fund raising proposed to be undertaken;
  - viii. agreements, by whatever name called, which may impact the management or control of the company;
  - ix. 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;

- x. resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions;
- xi. 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;
- xii. initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
- xiii. 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;
- xiv. outcome of any litigation(s) or dispute(s) which may have an impact on the company;
- xv. giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
- xvi. granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

(l) “regulations” means the International Financial Services Centres Authority (Prohibition of Market Abuse) Regulations, 2025, as amended from time to time.

(m) “securities” shall have the meaning assigned to it under clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(n) "trading" means and includes subscribing, redeeming, switching, buying, selling, dealing, or agreeing to subscribe, redeem, switch, buy, sell, deal in any securities, and "trade" shall be construed accordingly;

(2) Words and expressions used and not defined in these regulations but defined in the Act, the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996, or any rules or regulations made thereunder shall have the same meanings as respectively assigned to them in those Acts, rules or regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be.

## **Chapter II**

### **RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS**

#### **Communication or procurement of material non-public information.**

3. (1) No insider shall communicate, procure, provide, or allow access to any material non-public information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

(2) Any person in receipt of material non-public information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of these regulations and such persons shall maintain confidentiality of such material non-public information in compliance with these regulations.

(3) All information shall be handled within the organisation on a need-to-know basis.

#### **Trading when in possession of material non-public information.**

4. No insider shall trade in securities that are listed or proposed to be listed when in possession of material non-public information:

Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –

- a. the transaction is an off-market inter-se transfer between insiders who were in possession of the same material non-public information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision.
- b. the transaction was carried out through the block deal window mechanism of a recognised stock exchange between persons who were in possession of the material non-public information and both parties had made a conscious and informed trade decision;
- c. the transaction was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- d. the transaction was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.
- e. in the case of non-individual insiders: –
  - i. the individuals who were in possession of such material non-public information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such material non-public information when they took the decision to trade; and
  - ii. appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no material non-public information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached.
- f. trades were pursuant to an irrevocable trading plan disclosed to the stock exchange (s) 120 days in advance, setting out either value of trade or number of securities to be traded, upper price limit for a buy trade, lower price limit for a sell trade and such other conditions, if any, specified by the Authority.

#### **Disclosure by insiders trading in securities**

- 5. (1) Every Insider shall disclose to the company the number of such securities acquired or disposed of by him or his immediate relatives, within two trading days of such transaction if the value traded, whether in one transaction or

a series of transactions over any calendar quarter, aggregates to a traded value in excess of USD twenty five thousand.

(2) The listed entity shall within two working days disclose such information to the stock exchange (s) where its securities are listed and also host on its website.

### **CHAPTER III**

## **PROHIBITION OF MANIPULATIVE, FRAUDULENT AND UNFAIR TRADE PRACTICES**

### **Prohibition of certain dealings in securities**

6. No person shall directly or indirectly—
  - a. buy, sell or otherwise deal in securities in a fraudulent manner;
  - b. use or employ, in connection with issue, purchase or sale of any securities listed or proposed to be listed, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
  - c. employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed;
  - d. engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed in contravention of the provisions of the Act or the rules and the regulations made there under.

### **Prohibition of manipulative, fraudulent and unfair trade practices**

7. (1) Without prejudice to the provisions of regulation 6, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities.

(2) A person shall not, directly or indirectly, engage, aid, assist, counsel or participate in any act, practice or course of conduct relating to securities that the person knows or reasonably ought to know:

- a. results in or contributes to, or may result in or contribute to, a misleading appearance of trading activity in, or an artificial price for, securities; or
- b. perpetrates a fraud on any person.

(3) A person shall not, engage in conduct in relation to securities that is misleading or deceptive or is likely to mislead or deceive another person.

(4) A person shall not, induce another person to deal in securities:

- a. by making or publishing a statement, promise or forecast if the person knows, or is reckless as to whether, the statement is misleading, false or deceptive;
- b. by a concealment of material facts.

(5) A person shall not, make a statement that the person knows or reasonably ought to know, at the time and in light of the circumstances under which it is made:

- a. is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading; and
- b. significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of securities.

(6) A person shall not make an offer of securities if there is:

- a. a misleading or deceptive statement in:
  - i. the offer document;
  - ii. any application form that accompanies the offer; or
  - iii. any other document that relates to the offer, or the application form;
- b. an omission from the offer document or application form or any other document as required by Law; or

**Deemed manipulative, fraudulent or unfair trade practice**

8. Dealing in securities shall be deemed to be manipulative, fraudulent or an unfair trade practice if it involves any of the following: —

- a. knowingly indulging in an act which creates false or misleading appearance of trading in securities;
- b. dealing in securities not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such securities for wrongful gain or avoidance of loss;
- c. inducing any person to subscribe to an issue of securities for fraudulently securing the minimum subscription to such issue of securities, by advancing or agreeing to advance any money to any other person or through any other means;
- d. inducing any person for dealing in securities for artificially inflating, depressing, maintaining or causing fluctuation in the price of securities through any means including by paying, offering or agreeing to pay or offer any money or money's worth, directly or indirectly, to any person;
- e. any act or omission amounting to manipulation of the price of securities including influencing or manipulating the reference price or benchmark price of securities;
- f. knowingly publishing or causing to publish or reporting or causing to report by a person dealing in any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities;
- g. entering into a transaction in securities without intention of performing it;
- h. selling, dealing or pledging of stolen, counterfeit or fraudulently issued securities whether in physical or dematerialized form:

Provided that if:-

- i. the person selling, dealing in or pledging stolen, counterfeit or fraudulently issued securities was a holder in due course; or;
- ii. the stolen, counterfeit or fraudulently issued securities were previously traded on the market through a bonafide transaction,

- iii. such selling, dealing or pledging of stolen, counterfeit or fraudulently issued securities shall not be considered as a manipulative, fraudulent, or unfair trade practice;
- i. disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities;
- j. a market participant entering into transactions on behalf of client without the knowledge of or instructions from client or misutilizing or diverting the funds or securities of the client held in fiduciary capacity;
- k. indulging in circular transactions in respect of any securities to artificially provide a false appearance of trading in such securities or to inflate, depress or cause fluctuations in the price of such securities;
- l. fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;
- m. a person registered with the Authority predating or otherwise falsifying records including contract notes, client instructions, balance of securities statement or client account statements;
- n. any order in securities placed by a person, while directly or indirectly in possession of information that is not publicly available, regarding a substantial impending transaction in that securities or its derivative;
- o. knowingly planting false or misleading news which may induce sale or purchase of securities;
- p. mis-selling of securities or services relating to securities;

Explanation - "mis-selling" means sale of securities or services relating to securities by any person, directly or indirectly, by -

- i. knowingly making a false or misleading statement, or
  - ii. knowingly concealing or omitting material facts, or
  - iii. knowingly concealing the associated risk, or
  - iv. not taking reasonable care to ensure suitability of the securities or service to the buyer;
- q. cornering of securities to gain control with a view to establish artificial demand or price;

- r. buying and selling securities at the same price in order to artificially increase trading activity and generate interest;
- s. dissemination of a rumour or creation of misleading activity which could push the price of securities, upward or downward;
- t. short sell securities in the hope of diving the price down;
- u. submission of order and cancelling it, repeatedly with no intent to execute the order, only to alter the supply or demand to artificially establish demand and price and thus mislead the market;
- v. Any diversion, misutilisation or siphoning of assets or earnings of a company listed or to be listed or of a fund registered with the Authority;
- w. Manipulation of the books of accounts or financial statements which would directly or indirectly manipulate the price of securities;
- x. illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person.

Explanation: For the purposes of this sub-regulation, for the removal of doubts, it is clarified that the acts or omissions listed in this sub-regulation are not exhaustive and that an act or omission is prohibited if it falls within the purview of regulation 6 or 7, notwithstanding that it is not included in this sub-regulation or is described as being committed only by a certain category of persons in this sub-regulation.

## **CHAPTER IV**

### **DEFENCES FOR MARKET MANIPULATION AND INSIDER TRADING**

#### **Reasonable inquiries and reasonable belief**

- 9. A person does not commit a contravention, if that person proves that he:
  - a. made all inquiries that were reasonable in the circumstances; and
  - b. after doing so, believed on reasonable grounds that the statement or omission was not misleading or deceptive.

#### **Reasonable reliance on information given by another person**

10.(1) A person does not commit a contravention, if the person proves that he placed reasonable reliance on information given to him by:

- a. if the person is not a natural person, someone other than a member of the governing body, employee or agent of the person; or
- b. if the person is a natural person, someone other than an employee or agent of the individual.

### **Other defences for market manipulation and insider trading**

11. A person shall not be found to have contravened if the person establishes that:–

- a. the conduct or practice the person engaged in was in the performance of, and in accordance with, the price stabilisation requirements;
- b. he has reasonably believed that the inside information had been disclosed to the market in accordance with law;
- c. the dealing occurred in the legitimate performance of an underwriting agreement for securities;
- d. the dealing occurred in the legitimate performance of its functions as a liquidator or receiver;
- e. the dealing is undertaken solely in the course of the legitimate performance of his functions as a market maker;
- f. he has not executed an unsolicited client order in securities while in possession of inside information or otherwise advising or encouraging the client in relation to the transaction;
- g. the dealing is undertaken legitimately and solely in the context of that person's public takeover bid for the purpose of gaining control of that Reporting Entity or proposing a merger with that Reporting Entity;
- h. the sole purpose of the Reporting Entity acquiring its own shares was to satisfy a legitimate reduction of share capital or to redeem securities in accordance with the Rules;
- i. the information was disclosed by him in accordance with any requirement of the law or a court order.

### **Chinese wall arrangements**

12. A person does not contravene by dealing in securities if:

- a. it had in operation at that time an effective information barrier which could reasonably be expected to ensure that the inside information was not communicated to the person or persons who made the decision to deal in securities and that no advice with respect to the transaction or agreement was given to that person or any of those persons by an insider; and
- b. the information was not communicated and no such advice was given.

## **CHAPTER V**

### **MISCELLANEOUS**

#### **Institutional Mechanism for Prevention of Insider trading and Market Abuse**

13.(1) Entity listed on the recognised stock exchange of International Financial Services Centre or registered with the authority, or any fiduciary shall put in place adequate and effective system of internal controls and a code of conduct to ensure compliance with these regulations to prevent market abuse.

Explanation:- For the purpose of this regulation, fiduciary shall include professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising listed companies.

(2) The internal controls shall provide for:-

- a. employees who have accessed material non-public information are identified.
- b. material non-public information shall be identified and its confidentiality maintained.
- c. adequate restrictions shall be placed on communication or procurement of material non-public information.
- d. periodic review of controls is made to see its effectiveness.

(3) The Authority may specify minimum standards for internal controls and code of conduct.

**Sanction for violations.**

14. Any contravention of these regulations shall be dealt with by the Authority in accordance with the Act.

**Suspension or cancellation of registration**

15. (1) The Authority may, without prejudice to any action under the Act or directions or circulars issued thereunder, by an order, for reasons to be recorded in writing, in the interests of investors and securities market take the following action against a person registered with the Authority:

- a. issue a warning or censure
- b. suspend the registration of the person; or
- c. cancel the registration of the person.

Provided that no final order of suspension or cancellation of an intermediary for violation of these regulations shall be passed unless an enquiry is held against such person after communicating the charges and duly complying with natural justice.

**Power to remove difficulties.**

16. In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Authority may issue direction through guidance notes or circulars:

Provided that where any direction is issued by the Authority in a specific case relating to interpretation or application of any provision of these regulations, it shall be done only after affording a reasonable opportunity of being heard to the concerned persons and after recording reasons for the direction.