

Annexure-I

**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.