

# Regulatory Hotline

January 10, 2014

## INSIDER TRADING NORMS REVISITED: AN ANALYSIS OF THE N.K. SODHI COMMITTEE REPORT

An 18 member committee under the chairmanship of Justice N.K. Sodhi, Former Chief Justice of the High Courts of Kerala and Karnataka and a Former Presiding Officer of the Securities Appellate Tribunal (“**SAT**”) was formed to review the Securities and Exchange Board of India (“**SEBI**”) (Prohibition of Insider Trading) Regulations, 1992 (the “**Existing Regulations**”) (the “**Committee**”). The Committee in its comprehensive report finalized on December 7, 2013 (the “**Report**”) has recommended a new set of regulations (the “**Proposed Regulations**”) be notified, repealing and replacing the Existing Regulations.

Lately, given the current investment sentiment and the dire need to reboot the Indian economy, SEBI has made several efforts to review and amend a variety of its laws. Especially, with a view to ensure a level-playing field in the securities market and to safeguard the interest of small investors, SEBI has identified greater oversight mechanism on insider trading and a stronger risk management framework as among key focus areas for the coming year.

The wrong of insider trading has attracted sufficient regulatory attention from jurisdictions across the world, especially in light of several recent high-profile cases such as the Rajat Gupta case or the SAC Capital Advisors case. In India, the two decade old insider trading norms have time and again proven to be inadequate in deterring insider trading. Even more so, as in India, insider trading is not only a civil wrong but also a criminal offence, there was a pressing need to provide clear and comprehensive regulatory policy on this subject and to balance the needs of the Indian market and investors in India with international standards and best practices.

The Committee has drafted the Proposed Regulations after several inputs and deliberations on various aspects of insider trading from the public. The core drafting sub-group included luminaries from the industry, legal and media communities et al. In drafting the Proposed Regulations, the Committee has examined literature from International Organization of Securities Commissions (IOSCO) and also that published in various international jurisdictions such as Australia, Canada, Israel, Malaysia, New Zealand, Singapore, United Kingdom and United States of America along with their respective regulatory regimes.

Please find the [link to our hotline](#) on the key provisions of the Report and the Proposed Regulations as well as a comparison between the key provisions of the Proposed Regulations and the Existing Regulations.

– Tanya Pahwa, Simone Reis, Nishchal Joshipura & Pratibha Jain  
You can direct your queries or comments to the authors

## DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

## Research Papers

### Fintech

May 05, 2025

### Medical Device Industry in India

April 28, 2025

### Clinical Trials and Biomedical Research in India

April 22, 2025

## Research Articles

### 2025 Watchlist: Life Sciences Sector India

April 04, 2025

### Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

### INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

## Audio

### CCI's Deal Value Test

February 22, 2025

### Securities Market Regulator's Continued Quest Against “Unfiltered” Financial Advice

December 18, 2024

### Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

## NDA Connect

Connect with us at events, conferences and seminars.

## NDA Hotline

[Click here to view Hotline archives.](#)

## Video

### Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**SIAC 2025 Rules: Key changes &  
Implications**

February 18, 2025