

## M&A Hotline

March 28, 2025

### INSIDER TRADING INVOLVING FAMILY, FRIENDS AND RIVAL FIRMS

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Jack L. Warner, the media mogul, once jokingly told Albert Einstein that he had his own theory of relativity: "Never hire a relative!" India's insider trading laws mandate that insiders follow this theory. The SEBI (Prohibition of Insider Trading) Regulations, 2015, make it illegal for insiders possessing unpublished price sensitive information (UPSI) about their company to profit from trading in its securities, either directly or through their relatives. The belief behind this rule is that benefiting a family member is akin to benefiting oneself. For this reason, the Securities and Exchange Board of India (SEBI) deems certain close relatives of insiders as insiders themselves. Recently, SEBI has expanded the list of relatives to cover a person's spouse and both their parents, siblings (and their spouses), and children (and their spouses).

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