ARTICLE

The Known Unknown: Price Sensitive Information in the Age of Market Rumours

The SEBI (Prohibition of Insider Trading) Regulations, 2015 constitute a key component of India's corporate governance and market integrity framework. In an environment where information travels rapidly through media reports, digital platforms and market speculation, determining when information becomes Unpublished Price Sensitive Information ("UPSI"), when it ceases to be UPSI and becomes Generally Available Information ("GAI"), and what obligations arise upon market rumours has become increasingly significant. This article analyses the evolving regulatory and judicial interpretation of these concepts through important decisions of the Securities and Exchange Board of India and the Securities Appellate Tribunal, including recent developments in Reliance Industries and Adani Green Energy. It further examines the implications of the 2024 amendment to the definition of GAI and the emerging framework governing prompt disclosure and market rumour verification. The article highlights the growing importance of disclosure controls, market transparency and investor protection, while exploring their relevance for Company Secretaries and compliance professionals.

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INTRODUCTION

The SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") occupies a unique place in the Indian financial regulation. SEBI has noted in several orders that these regulations are among the most complex ones it administers, not because they are poorly drafted, but because they deal with a wide range of factual situations. In a deliberate and forward-looking design choice, the High-Level Committee chaired by Justice (Retd.) T.K. Vishwanathan ("TK Vishwanathan Committee") included explanatory notes as an integral operative part of each regulation, with the express purpose of articulating legislative intent and guiding purposive enforcement across varied circumstances.

Three pivotal concepts form the practical core of the PIT Regulations:

- Unpublished Price Sensitive Information ("UPSI"),
- Generally Available Information ("GAI"), and
- The statutory obligations arising upon market rumours.

Each of these has generated a rich body of regulatory orders and decisions. What is particularly instructive is that the factual diversity of cases has over time, led to positions that are not contradictory but are complementary wherein each decision adds a layer of nuance to a conceptual framework that was always intended to be applied contextually, rather than mechanically.

This article traces the journey of these three concepts across key decisions, examines the effect of the 2024 amendment to the definition of GAI, and synthesises the resulting compliance landscape for listed entities and practising professionals.

UPSI: ANATOMY OF A COMPLEX CONCEPT

Regulation 2(1)(n) of the PIT Regulations defines 'unpublished price sensitive information' as any information relating to a company or its securities, directly or indirectly, that is not generally available which, upon becoming generally available, is likely to materially affect the price of the securities. The definition *inter alia* enlists financial results, dividends, changes in capital structure, mergers, acquisitions, de-mergers, delistings, disposals, expansion of business, and changes in key managerial personnel as illustrative categories, the expression "ordinarily including but not restricted to" ensures the list is not exhaustive.

WHEN DOES UPSI COME INTO EXISTENCE? THE CRYSTALLISATION DEBATE

a. **The Early Position: Crystallisation at Decision Stage**

One of the most enduring questions under the PIT framework concerns M&A transactions: at what point during the lifecycle of a deal does the relevant information attain the status of UPSI? The early position, articulated by the SAT (Securities Appellate Tribunal) in Rakesh Agarwal v. SEBI (June 14, 2003), held that UPSI in a merger context arises only after crystallisation of the decision and not at the commencement of negotiations. The SAT observed that "negotiations may sometimes fail, it may sometimes fructify" and only when the negotiations have concluded and a decision is taken can the information be treated as UPSI.

This position placed the threshold close to the point of formal agreement and reflected the standard under the pre-2015 PIT Regulations, where 'price sensitive information' was defined with reference to information that would 'materially affect' the price if published.

b. The Shift: Probability-Based Crystallisation

As the securities markets grew and enforcement experience accumulated, the crystallisation framework underwent a significant evolution. In the matter of Kemefs Specialities Private Limited (July 21, 2011), SAT considered a scenario where negotiations between two entities had progressed to a term sheet that delineated the modalities of the deal, including fixed consideration. SAT held that by the stage of the term sheet, the information had reached a point of being unequivocally price sensitive, regardless of the fact that the definitive Share Purchase Agreement had not yet been signed. The UPSI period was held to have commenced well before the final agreement.

SEBI, in parallel adjudication orders dealing with M&A transactions, including the matter of Emami Limited and United Spirits Limited, consistently took the position that UPSI can come into existence from the stage when confidential acquisition negotiations commence not merely at the moment of binding documentation.

c. The Biocon Standard: Degree of Concreteness

The most comprehensive articulation of the crystallisation question came in SEBI's order in the matter of Biocon Limited (June 30, 2021). SEBI introduced a structured analytical framework that distinguished three phases: (i) the exploratory phase, where parties are assessing possibilities and information is imprecise and without a reasonable probability of the transaction going through; (ii) the UPSI period, where discussions proceed with a high degree of crystallisation and a reasonable probability that the transaction will proceed; and (iii) the final signing stage.

Crucially, SEBI held that *"the certainty of information can only be measured in terms of probability and degree of crystallisation and concreteness."* The UPSI period does not require certainty of outcome, it requires that the probability of the transaction going through be reasonably high, with each successive step in the negotiation moving the outcome towards greater concreteness.

In the Biocon case, SEBI identified December 20, 2017, the date when a draft press release was exchanged and a meeting of senior management resolved final pending issues as the commencement of the UPSI period, even though the formal collaboration announcement was made on January 18, 2018. This approach has since been applied in subsequent cases as the standard for identifying the UPSI commencement date.

d. SAT's Affirmation: The Binding Agreement Test Rejected

In the Reliance SAT Order, dated May 2, 2025, the SAT directly addressed the argument that UPSI cannot be 'credible and concrete' until a binding agreement is executed. SAT held that accepting this position "would defeat the very spirit of PIT regulations" because once a binding agreement is signed, the company is in any event obligated to inform the stock exchanges immediately, leaving no window within which the PIT framework can operate to prevent information asymmetry. The SAT held that UPSI can be concrete and credible well before a binding agreement, pointing to the fact that a significant market price rise upon unofficial media disclosure even at the term sheet and due diligence stage evidenced the market's own assessment of the information as credible and price-moving.

Importantly, SAT reinforced the principle that a company's own classification of information as UPSI in its SDD (Structured Digital Database) from the earliest stages of negotiation is consistent with, and evidentially significant for, treating the information as UPSI from those very stages. The SAT held that once a company has entered information in its SDD, it cannot subsequently argue that the same information was not credible or concrete.

The Stock Exchange's FAQs on PIT Regulations, are consistent with this position thereby stating that the UPSI comes into existence when the probability of going ahead with the information/concerned event is higher than not going ahead and such information is likely to "materially" affect the prices of the securities of the company when published.

e. Fact-Sensitivity in Practice: Same Framework, Different Outcomes

The SEBI Order dated December 12, 2025 in the Adani Green Energy case clearly shows that such decisions depend on the facts of each case. Applying the same Biocon framework, SEBI held that in that case, information about an acquisition did not crystallise as UPSI on April 29, 2021 (as initially alleged), but rather around May 13, 2021 the date of signing of the Non-Disclosure Agreement and opening of the virtual data room for due diligence, which marked the commencement of a high degree of concreteness and crystallisation. Prior to that date, the discussions were assessed as being in the exploratory, vague phase.

f. Concluding Observations on UPSI

The discussion above demonstrates that the jurisprudence on crystallisation of UPSI has progressively evolved from a formal, agreement-based approach to a more contextual assessment based on probability, materiality and the degree of concreteness of a transaction. The regulatory focus is no longer confined to the execution of a final agreement; it extends to the stage at which information attains sufficient certainty to influence market behaviour.

For listed entities and compliance professionals, this requires a careful evaluation of the facts and circumstances of each case, including the stage of negotiations, the likelihood of the transaction proceeding, and internal indicators such as the recording of information in the SDD.

Having examined the circumstances in which information acquires the character of UPSI, the discussion now turns to the equally significant question: when does such information cease to be UPSI and become Generally Available Information (GAI)?

> Regulators increasingly recognise that information can travel through multiple channels including traditional media, digital platforms and market speculation long before a formal corporate announcement is made. This has intensified the focus on disclosure controls, rumour verification mechanisms and the responsibilities of issuers in managing information asymmetry.

GENERALLY AVAILABLE INFORMATION: A CONCEPT IN EVOLUTION

a. Statutory Framework

Regulation 2(1)(e) defines 'generally available information' as information that is accessible to the public on a non-discriminatory basis. The significance of this concept cannot be overstated: the moment information becomes generally available, it ceases to be UPSI, and the obligations associated with UPSI trading restrictions, disclosure requirements stand lifted. The determination of when information crosses from 'not generally available' to 'generally available' is, therefore, one of the most consequential determinations in a PIT compliance analysis.

The Note to Regulation 2(1)(n) states that information published on a stock exchange website 'ordinarily' constitutes generally available information. But what of information that reaches the public through other channels particularly media reports before the company makes any formal stock exchange disclosure?

b. Media Reports and GAI: The Consistent Regulatory Position Before the 2024 Amendment

Prior to the amendment effective May 18, 2024, a consistent and well-developed body of law held that detailed and factually precise media coverage in widely circulated publications could constitute generally available information, regardless of whether the information had been officially confirmed by the company.

In Hindustan Lever Limited v. SEBI, the SAT vide Order dated July 18, 1998 held that for information to be generally known, it need not be confirmed or authenticated by the company to hold otherwise would effectively restrict 'generally available' to information 'published by the company,' conflating two conceptually distinct categories. The authority found that where there were strong reasons to believe that an impending merger, though not formally acknowledged, was 'in one sense generally known,' the information could not be treated as unpublished price sensitive information.

This view found consistent application in subsequent SEBI orders. In the matters of 63 Moons Technologies Limited and Multi Commodity Exchange of India Limited, SEBI held that price sensitive information; ceased to be UPSI from the date a detailed and factually precise newspaper article about it appeared in a widely distributed financial publication. SEBI noted that the article was "not speculative in nature" as it "published precise facts" relating to the event. Similarly, in the SEBI Adjudication Order dated October 22, 2020 in the matter of Bharti Airtel Limited, the Adjudicating Officer held that news regarding an acquisition that had appeared in multiple widely read newspapers and business news channels constituted generally available information in the public domain on a non-discriminatory basis.

c. SAT's Affirmation of the Broad GAI Standard

The SAT gave its imprimatur to this approach in Future Corporate Resources Private Limited & Ors. v. SEBI dated December 20, 2023. SAT held that restricting GAI to only information disseminated on a stock exchange platform takes "a very narrow and restrictive view" whereas any information accessible to the public on a non-discriminatory basis qualifies as generally available information. The SAT found that publication of information regarding a transaction in multiple print and digital publications, including several mainstream financial newspapers and research reports, where the nature of the transaction was highlighted in depth, led to an "irresistible conclusion" that the information was generally available.

d. The 2024 Amendment: Interpreting GAI

With effect from May 18, 2024, SEBI amended Regulation 2(1)(e) by inserting the provision that 'unverified event or information reported in print or electronic media shall not be considered as generally available information.' This amendment marks a significant calibration of the GAI framework. It does not overturn the pre-existing jurisprudence on media reports constituting GAI; however, unverified reports are excluded from the GAI category.

The word 'unverified' is key. It creates a fact-specific distinction:

(a) media reports that contain precise, factual, and specific information about a corporate event (the kind of detailed reporting that appeared in the Adani Green and Bharti Airtel contexts) continue to qualify as GAI under the pre-amendment reasoning (since they are 'verified' in the sense of being factually grounded); however;

(b) speculative or rumour-based media coverage, which contains no specific confirmed details, falls within the Explanation and does not constitute GAI.

The amendment also needs to be read alongside the amended Regulation 30(11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), which mandates that the top 250 listed entities confirm, deny, or clarify market rumours within 24 hours. Together, these changes reflect a policy choice to channel the 'authentication' of information through the company itself, rather than through media reports while preserving the company's obligation to respond promptly when credible reports emerge.

e. The Amendment in Action: Fact-Sensitive Application in Reliance and Adani Green

The 2024 amendment to Regulation 2(1)(e) does not operate in a vacuum. Its real significance emerges most sharply when placed alongside two decisions where SEBI and SAT reached diametrically opposite conclusions on the GAI question. In the Reliance Industries case, media reports did not terminate the UPSI period, and the company's failure to authenticate the information was held against it. In the Adani Green case, media reports did terminate the UPSI period, and that termination was decisive in favour of the alleged traders.

In the Reliance Industries case, on March 24, 2020, the Financial Times published a report stating that Facebook was close to signing a preliminary deal for a 10% share capital acquisition in Reliance Jio. The same was reported on the same day by Reuters, Economic Times, Business Today, and Mint, and by several Indian media outlets the following day. Some of these reports noted that RIL had declined to comment. The company did not make any disclosure to the stock exchanges. It was not until April 22, 2020 nearly a month later, that RIL formally announced the Jio-Facebook deal after the definitive transaction documents had been executed on April 21, 2020.

SEBI, and subsequently SAT, held that these media reports did not render the information generally available. The reasoning is instructive. SAT observed that the information leaked to media outlets reached only the selective universe of subscribers and readers of those publications and could not be regarded as generally available to the entire universe of investors. Crucially, the company had itself classified the information as UPSI in its SDD since September 2019 and having made that internal classification, it could not subsequently argue that media leakage had rendered the same information generally available. SAT further held that information takes on the character of generally available information only when the company authenticates it a proposition evidenced by the fact that even after the March 2020 media reports had caused a 15% price rise, the company's formal announcement in April 2020 caused a further significant market movement of 10%, demonstrating that company-authenticated disclosure carried independent informational value over and above the prior media reports.

The Adani Green Energy case, decided in December 2025, reached the conclusion on facts that on May 16, 2021, beginning at 3:25 PM, detailed reports appeared across Mint, Bloomberg, Economic Times, Business Standard, Hindustan Times, and LiveMint. Unlike the Reliance media coverage which reported an impending deal without specific terms, in a context where due diligence had not commenced and final valuation had not been agreed the Adani Green media reports were precise and factually rich: they named the acquirer and target, described the transaction as being in advanced talks, confirmed that due diligence had commenced with data room access already granted, and pegged the deal valuation at over USD 650 million. Multiple publications independently sourced persons with direct knowledge. The company, when queried by the stock exchange on May 18, denied that any disclosable event had occurred a response that, on these facts, did not revive the UPSI that had already entered the public domain three days earlier.

SEBI held that from 3:25 PM on May 16, 2021, the information had become generally available through non-discriminatory public access and accordingly ceased to be UPSI. A call between the connected persons at 7:51 PM that evening over four hours after the first media report could not constitute communication of UPSI because by that hour the information was already public. The trades executed on May 17 and 18, 2021 were accordingly held to be genuine and outside the UPSI period.

Read together, these two cases illuminate the distinction that the 2024 amendment subsequently gave statutory form. The Reliance media reports were, at the time of publication, unverified in the sense that mattered: they were incomplete, not corroborated by specific transaction details, not acknowledged by the company, and did not reflect a finalised or even sufficiently crystallised transaction. The Adani Green media reports were, by contrast, factually specific, multi-sourced, information-rich, and descriptive of a deal that had already achieved a high degree of crystallisation. The 2024 clarification excluding "unverified" media reports from GAI does not change the position. The nature of the report, its accuracy, detail, and reliability, decides whether UPSI ends or continues.

MARKET RUMOUR VERIFICATION AND PROMPT DISCLOSURE: THE SCHEDULE A FRAMEWORK

a. The Architecture of Schedule A

Schedule A of the PIT Regulations sets out the Principles of Fair Disclosure for the purposes of the Code of Practices and Procedures for Fair Disclosure of UPSI, which every listed company is required to formulate under Regulation 8(1). The four Principles are: (i) prompt public disclosure of UPSI that would impact price discovery, no sooner than it becomes credible and concrete, to make it generally available; (ii) uniform and universal dissemination to avoid selective disclosure; (iii) designation of a Chief Investor Relations Officer; and (iv) prompt dissemination of UPSI that gets disclosed selectively, inadvertently or otherwise, to make it generally available.

The interplay between Principles (i) and (iv) has been the most consequential axis of debate in the rumour verification context. Principle (i) speaks to proactive, company-initiated disclosure once UPSI becomes credible and concrete. Principle (iv) addresses a different scenario: UPSI that leaks out selectively before the company is ready or required to disclose under Principle (i). The question, whether Principle (iv) can independently mandate disclosure even when Principle (i) has not been triggered, has generated different assessments across cases.

b. SEBI's Position: An Independent Obligation Under Principle (iv)

In the Reliance Industries case, SEBI argued and the Adjudicating Officer accepted that Principle (iv) operates independently of Principle (i). SEBI's submission was that the phrase 'selectively disclosed' in Principle (iv) must be construed broadly to include disclosure in bits and pieces, whether to selective persons or through selective media access, and that the obligation to promptly disseminate UPSI upon its selective leakage does not require the information to first satisfy the 'credible and concrete' threshold of Principle (i). SEBI further argued that Principle (iv) cannot be 'eclipsed' by Principle (i) each Principle has an independent purpose, and rendering Principle (iv) conditional on Principle (i) would make it largely redundant.

c. SAT's Integrated Reading of Schedule A

SAT, in the Reliance SAT Order, 2025, offered what it characterised as the 'integrated' reading of Schedule A. The SAT held that the entire scheme of Schedule A is well-integrated: Principle (i) requires the company to proactively make UPSI generally available once it becomes credible and concrete; Principle (iv) is a safety net if UPSI gets selectively disclosed before Principle (i) is triggered, the company is still obligated to promptly disseminate it to make it generally available.

SAT further held that selective leakage, however accurate or complete, does not discharge the company from the responsibility of prompt disclosure particularly where the company had itself classified the information as UPSI in its SDD. Having made that internal classification, the company's later argument that the information was not concrete or credible was held to be untenable.

d. The Rumour Verification Framework Post-2024: LODR and PIT Together

The 2024 amendments to the LODR Regulations and the PIT Regulations together create a more structured market rumour verification framework than previously existed. Under the amended Regulation 30(11) of the LODR Regulations, the top 250 listed entities are mandated to confirm, deny, or clarify any reported event or information in mainstream media which is not general in nature and which indicates that rumours of an impending specific material event are circulating among investors as soon as reasonably possible and not later than 24 hours. Where the listed entity confirms the event, it must also provide the current stage.

The PIT obligation under Schedule A operates in parallel and is not diluted by the LODR framework. As SAT held in the Reliance case, the disclosure requirements under the PIT Regulations and the LODR Regulations are separate and independent. SEBI's Code of Practices under Regulation 8 must adhere to each Principle in Schedule A without diluting the Regulations. This means that even for entities not yet covered by the mandatory market rumour verification requirement under LODR, the Principle 4 obligation under the PIT Regulations independently requires prompt dissemination upon selective disclosure of UPSI.

The combined effect of these frameworks is a layered architecture: for large listed entities, a 24-hour LODR window applies; for all listed entities, the PIT obligation of prompt dissemination upon selective disclosure applies; and the 2024 amendment to GAI ensures that company silence in the face of media reports no longer automatically immunises insiders from trading liability by arguing that the information had become 'generally available' through unverified media.

e. The Creative Tension Between UPSI, GAI and Market Rumour Verification

It would be an oversimplification to view the divergent regulatory positions across these cases as inconsistency. Rather, what emerges is that the PIT framework accommodates a creative tension between three regulatory imperatives that do not always point in the same direction: (i) protecting investors from information asymmetry and insider trading; (ii) not compelling premature or incomplete corporate disclosures that could themselves mislead the market; and (iii) ensuring that the authentication role of the company as the primary source of accurate information about its own affairs is preserved.

The resolution lies in recognising that these cases do not represent inconsistency but rather represent the framework operating exactly as intended, with outcomes calibrated to the facts.

In 63 Moons, Bharti Airtel, Future Corporate Resources, and Adani Green, the media reports were information-rich, factually specific, multi-sourced, and descriptive of a transaction that had already reached an advanced stage the kind of reporting where the information asymmetry that UPSI is designed to protect against had already dissolved. In the Reliance case, the media reports were incomplete, unconfirmed, published at a stage when due diligence had not commenced and valuation had not been agreed, and the company had itself classified the same information as UPSI in its SDD since September 2019. The UPSI period survived the media leakage not because company authentication is always required, but because on those specific facts the media reports had not neutralised the informational asymmetry as evidenced by the further 10% price rise when the company made its formal announcement nearly a month later.

The 2024 amendment to Regulation 2(1)(e) can be seen as a legislative resolution of this tension drawing the line at 'unverified' media reports. Going forward, information in 'verified' (factually specific and credible) media reports may still constitute GAI on the pre-existing jurisprudence, while 'unverified' (speculative) media reports will not. The practical challenge determining which category a given report falls into, will remain a judgment call, and continued regulatory guidance will be valuable in this space.

f. Global Perspective and Emerging International Trends

The challenges surrounding unpublished price sensitive information, selective disclosure and market rumours are not unique to India. Capital markets across jurisdictions have grappled with the same fundamental question: how can regulators preserve market integrity while ensuring that listed entities are not compelled to disclose information prematurely?

In the United States, Regulation Fair Disclosure (Regulation FD) seeks to prevent selective disclosure by requiring material information shared with analysts, institutional investors or market professionals to be simultaneously disseminated to the public. Similarly, under the United Kingdom's Market Abuse Regulation framework, issuers are generally required to disclose inside information as soon as possible, while being permitted in limited circumstances to delay disclosure where legitimate interests justify such delay.

Although the regulatory mechanisms differ, a common theme emerges across jurisdictions. Regulators increasingly recognise that information can travel through multiple channels including traditional media, digital platforms and market speculation long before a formal corporate announcement is made. This has intensified the focus on disclosure controls, rumour verification mechanisms and the responsibilities of issuers in managing information asymmetry.

Viewed in this context, the 2024 amendments to the PIT Regulations and the LODR Regulations reflect India's movement towards a more structured disclosure framework that seeks to balance investor protection, market efficiency and corporate disclosure obligations. The underlying objective remains consistent with global regulatory trends, ensuring fair access to material information, preserving market confidence and strengthening the integrity of securities markets.

CONCLUSION

The cases discussed show that while the same core principles are applied, their application depends on the facts of each case. The approach to identifying UPSI has evolved from a simple "decision taken" test to a more practical test based on reasonable probability and level of certainty.

The concept of GAI has also been refined. The 2024 amendment excludes unverified media reports, but the main principle remains the same information must be accessible to the public on a non-discriminatory basis.

Further, the Schedule A framework has been recognised as an independent system that requires timely disclosures. It works alongside the LODR rumour verification framework and is not dependent on it.

For Company Secretaries and compliance professionals, the key takeaway is that UPSI compliance is not a one-time exercise. It is a continuous and fact-based process. It requires not just understanding the law, but also keeping track of how it is interpreted in practice.

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iii. *SEBI, Adjudication Order in the matter of Bharti Airtel Limited dated October 22, 2020.*

iv. *SEBI, Adjudication Order in the matter of Emami Limited dated May 18, 2018.*

v. *SEBI, Order in the matter of 63 Moons Technologies Limited dated January 31, 2018.*

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viii. *SEBI, Order in the matter of Multi Commodity Exchange of India Limited dated January 5, 2018.*

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