
INSIDER TRADING AND INVESTOR PROTECTION: EVALUATING SEBI'S ENFORCEMENT ACTIONS (2018– 2024)

Tuhina Chaturvedi (Research Scholar (Law), Rabindranath Tagore University, Bhopal

Dr. Neelesh Sharma, Dean (Law), Rabindranath Tagore University, Bhopal

ABSTRACT

Insider trading poses one of the most persistent threats to the fairness and integrity of financial markets, undermining investor confidence and long-term capital formation. In India, the regulation of insider trading has evolved significantly, culminating in the SEBI (Prohibition of Insider Trading) Regulations, 2015, and their subsequent amendments in 2024, which reflect the regulator's growing sensitivity to digital-era challenges. This paper examines the historical development of insider trading regulation in India, emphasizing the importance of investor protection, market fairness, and deterrence. It analyzes SEBI's enforcement actions between 2018 and 2024, highlighting trends such as the detection of digital leaks through social media and messaging platforms, the role of corporate insiders and intermediaries, and the deployment of Structured Digital Databases (SDDs) in investigations. Comparative insights are drawn from the United States and European Union/United Kingdom frameworks, particularly with respect to algorithmic trading, financial influencers, and emerging asset classes such as cryptocurrencies and NFTs. The study underscores the limitations of current laws in addressing cross-border enforcement and digital asset classification, while proposing compliance and governance strategies involving algorithmic monitoring, social media disclosure norms, and strengthened platform accountability. Policy recommendations emphasize harmonization of insider trading definitions across traditional and digital assets, enhanced influencer obligations, and international cooperation. By integrating doctrinal legal analysis with case law study and comparative review, the paper contributes to the discourse on aligning India's insider trading regime with global best practices, ensuring investor protection in increasingly digitalized markets.

Keywords: Insider trading; SEBI; Prohibition of Insider Trading Regulations; investor protection; social media; algorithmic trading; cryptocurrencies; NFTs; Structured Digital Database; compliance; global regulatory frameworks.

1.Introduction

Indian insider trading law is challenged by financial market changes, worldwide legal influences, and investor confidence. India allowed insider trading for decades after independence due to systemic securities market issues. The 1956 Companies Act mandated disclosure but allowed insider trading. SEBI was created in 1992 to address insider trading after the Harshad Mehta affair and expert committee recommendations. After years of reactive regulation, SEBI strengthened its framework and learnt from the US and UK. Insider trading rules must protect investors from UPSI, which damages market integrity and fairness¹. Directors, workers, and affiliated parties using privileged knowledge for personal gain harm public trust and prevent individual investors from participating in stocks. Efficiency, liquidity, and long-term capital formation are threatened. Thus, effective regulation must maintain trust in India's fast-growing financial sector. Insider trading regulations regulate access to important information to prevent unfair advantages. Digital insider trading has worsened since market manipulation is no longer limited to business insiders. Traditional monitoring systems may struggle to keep up with algorithmic and high-frequency trading, creating new millisecond information imbalance opportunities. There are many internet financial "gurus" and social media influencers, making it impossible to tell good investment advice from bad. Bitcoin and non-fungible tokens, which operate outside of established regulators, complicate matters. Digital wallets and blockchain platforms are anonymous and cross-border, making insider dealings harder to uncover². These developments demonstrate the necessity for adaptable rules to counter insider trading and tech-driven market concerns. SEBI's biggest regulatory move was the 2015 Insider Trading Regulations. Insiders, UPSI, and lawful information sharing were specified, and previous limits were streamlined. Pre-clearance for designated traders, coordinated digital surveillance, and behaviour requirements were regulated. The guidelines now cover more people, require more disclosure, and tighten compliance. SEBI's 2024 revisions demonstrate its commitment to global standards and new issues like digital intermediaries, social media, and asset classes. Regulators deter infractions and build investor trust with high fines, real-time data analytics, and surveillance. India's insider trading regulations have evolved from a mishmash of outdated legislation to a tech-driven strategy. As financial markets adapt to global and digital trends, SEBI must continue to balance innovation

¹ Weiping H. Insider Trading and Investor Protection. In *The Regulation of Securities Markets in China* 2018 Feb 13 (pp. 125-170). New York: Palgrave Macmillan US.

² Prakash S. Insider Trading beyond Borders: A Critical Analysis of the Extraterritorial Application of Indian Insider Trading Legal Framework. *Issue 1 Int'l JL Mgmt. & Human..* 2024;7:1459.

and integrity. How well insider trading restrictions work affects India's securities markets and millions of investors who fund economic growth.

Research questions:

1. How effective have SEBI enforcement actions been 2018–2024?
2. Are existing laws sufficient for emerging digital asset risks?
3. How can compliance frameworks be modernized for digital markets?

2. Legal and Regulatory Background**2.1 SEBI (PIT) Regulations 2015 and 2024 Amendments**

With the 2015 SEBI (Prohibition of Insider Trading) rule, the SEBI PIT Regulations changed Indian insider trading laws. Before its adoption, insider trading regulations were confusing and inconsistent, making implementation difficult. The 2015 Indian Regulations harmonised and simplified existing frameworks to reflect global standards. UPSI definition is important to 2015 Regulations³. The guidelines define UPSI as information about a corporation or its securities that significantly changes their value. M&As, dividends, financial results, and major capital structure changes. This broad definition lets regulators catch all price-sensitive disclosures, closing gaps. Trading windows prevent some people from trading during quarterly results or corporate announcements to ensure compliance. Insiders cannot trade short-term using business data⁴. Trades must be pre-cleared, trading strategy maintained, and periodic disclosures provided for transparency. Key internal and company reporting obligations were in the 2015 Regulations. Companies must publish rules of conduct, and employees must disclose illicit assets and transactions. Enforcing these rules helps SEBI track trade trends and find breaches. The 2024 updates improved the digital economy in response to new challenges. SEBI expanded the definition of insiders to include digital intermediaries, proxy advisors, and social media influencers who may have UPSI or influence investor conduct. Digital platforms must also help investigate problematic online content under new reporting methods. The

³ Swati V. A Critical Evaluation of India's Regulatory Framework and Its Initiatives to Combat Insider Trading. Issue 5 Int'l JL Mgmt. & Human.. 2024;7:1083.

⁴ Kaur J. Investors' perception towards investor protection measures taken by the government of India and SEBI: an ordinal approach. International Journal of Law and Management. 2024 Nov 15;66(6):720-51.

modifications considered cryptocurrencies and NFTs since insider trading can occur with more than simply securities. The 2024 changes expanded data-driven surveillance by recommending AI and ML to analyse high-frequency trading and identify odd price variations that could indicate insider trading. These measures show that SEBI is adapting to global trends while safeguarding investor trust.

2.2 Comparative Overview

U.S.: Classical and Misappropriation Theories

The US controls insider trading laws worldwide. The Securities Exchange Act of 1934's Rule 10b-5 and Section 10(b) govern insider trading. Unlike India's written statute, case law heavily influences U.S. insider trading law. The Classical Theory of Insider Trading states that directors, executives, and workers who trade corporate stocks with substantial, non-public information breach their shareholder duty⁵. However, the Misappropriation Theory holds third parties liable for using sensitive material for profit when an intermediary breaches confidence. Historic case SEC v. Ishan Wahi (2023) proves U.S. law can adapt to digital concerns. Former Coinbase employees convicted of bitcoin token insider trading were among the first digital asset enforcement cases. It established a global precedent that insider trading is prohibited in all asset classes, not just traditional securities.

EU/UK: MAR Framework and FCA Guidance

The major EU insider trading regulation is the 2016 Market Abuse Regulation (MAR). MAR's comprehensive structure prohibits insider trading, secret information sharing, and market manipulation. This holistic approach to financial market integrity applies to derivatives, commodities, and emission permits as well as traditional securities. The UK preserved MAR requirements in domestic law but added FCA rules after Brexit. FCA Guidance FG24/1, released in 2024, establishes company obligations for detecting, managing, and disclosing private information⁶. It emphasises the need for strong digital monitoring systems to monitor algorithmic trading, social media, and international financial communications. Similar to SEBI's recent modifications, the FCA requires stricter compliance due to digital influencers

⁵ Dutta B, Miglani D, Sherawat A. AI-DRIVEN SURVEILLANCE AND BLOCKCHAIN INTEGRATION FOR INSIDER TRADING DETECTION: A REGULATORY FRAMEWORK FOR SEBI.

⁶ Potharla S. Transforming India's Capital Markets: Tracking the Evolution of India's Capital Markets (2010-2025). Available at SSRN 5348943. 2025 Jul 2.

and online communities' danger of market sentiment manipulation. From a comparative perspective, the SEBI (PIT) Regulations in India have adopted international standards but are also addressing developing economies' unique issues, such as rapid digital technology adoption and new financial innovations.

2.3 Key Principles

All governments regulate insider trading using certain basic principles. These include market deterrence, efficiency, and fairness. To preserve market equity, UPSI access should not unfairly benefit anyone. It ensures that stock prices reflect public information, not insider knowledge, protecting financial market credibility. This includes institutional and individual investors. Unfair markets reduce investor engagement, risking stability and liquidity. Financial market efficiency involves resource allocation. Insider trading disrupts price discovery and asset valuation by allowing trades based on hidden information. Well-regulated markets with transparent and balanced price information encourage prudent investment. Deterring crime is enforcement's major goal⁷. Regulators use punitive penalties, disqualifications, and even criminal penalties to stop insider trading. SEBI India has consistently prevented misconduct with harsh enforcement and huge fines. The 2024 reforms allow data-driven monitoring and require digital intermediaries to collaborate. Many online marketplaces have flaws despite these restrictions. Twitter (X), Telegram, and YouTube spread price-sensitive rumours and insider tips, causing compliance concerns. Online communities and influencers are not legally bound to any company, but their actions greatly affect customer behaviour. Regulators struggle to identify potential abuses in high-frequency trading (HFT), where trades take microseconds. Since transactions are anonymous and cross-border, blockchain and DeFi platforms enhance anonymity. Even if these concepts apply globally, SEBI, the SEC, and the FCA must modify their enforcement tactics to maintain justice, efficiency, and deterrence as technology develops. Proactive, not reactive, digital insider trading rules.

3. SEBI Enforcement Actions (2018–2024)

3.1 Methodology

⁷ Aggarwal N, Kulkarni A, Patel B, Patel S, Sane R. Balancing Power and Accountability: An Evaluation of SEBI's Adjudication of Insider Trading. 2025 Apr 1.

Indian insider trading regulations have changed significantly after the 2015 SEBI (Prohibition of Insider Trading) Regulations were implemented, notably from 2018 to 2024. Studying SEBI's enforcement actions over this trajectory necessitates collecting a dataset of cases decided or investigated during this time. This material includes criminal referrals, disgorgement orders, injunctions, and civil penalties. The research examines SEBI's compliance techniques and fines. The study was enhanced by press releases, case digests, SEBI website orders, secondary literature, and discussion. Trading on unpublished price-sensitive information (UPSI), unlawful UPSI disclosure, and intermediaries failing to maintain structured digital databases (SDDs) are some of the infractions utilised to characterise each case. Additionally, monetary fines, market bans, disgorgement of unlawful earnings, and SEBI Act, 1992 prosecution are utilised to characterise cases. The strategy emphasises certain sectors. Enforcement actions in manufacturing, pharmaceuticals, financial services, and information technology can reveal which businesses are most vulnerable to insider trading. Pharmaceuticals and technology sectors need this since product launches, regulatory clearances, and mergers and acquisitions generate a lot of UPSI in India. This solution makes the enforcement record more than just a collection of instances. It shows SEBI's changing regulatory goals, digital risk response, and rising reliance on technology-driven investigations.

3.2 Trends and Patterns

SEBI reported several insider trading enforcement changes between 2018 and 2024. Digital breaches, encrypted conversations, and social media recommendations have made insider trading easier to detect. In contrast to earlier examples involving directors, staff, and associated parties, WhatsApp groups, Telegram channels, and even private Twitter accounts are now spreading information⁸. This adjustment reflects SEBI's commitment to monitoring the internet economy, a crucial insider route. Another trend is more lawsuits against corporate executives, intermediaries, brokers, and market analysts. SEBI has recently focused on intermediaries' exploitation of market-moving information, rather than firm workers and promoters in insider trading investigations. Merchant banker, auditor, and analyst litigation has illuminated market participants' fiduciary duties. Structured Digital Databases have also transformed SEBI's enforcement. The 2015 Regulations, updated in 2018, required listed corporations and intermediaries to hold an SDD of UPSI counterparts. Since 2021, SEBI has vigorously enforced

⁸ Vats V. Insider Trading and the Regulatory Overreach of SEBI. *Jus Corpus* LJ. 2023;4:79.

this restriction, using SDDs as evidence in investigations. SEBI examined emails, data logs, and compliance records to establish if a breach was intentional or accidental. This technology has proved helpful in data transfer cases across entities and jurisdictions. SEBI now prioritises data analytics, AI, and cross-market surveillance. Without whistleblower claims, the regulator found illegal trades by comparing anomalous trading patterns to corporate statements. Collaboration with depositories and exchanges has improved the regulator's account-wide trade monitoring and coordinated activity detection. Between 2018 and 2024, the enforcement record shifted from traditional insider trading inside corporations to more complex digital schemes like high-frequency trading, social media, and messaging apps⁹. These patterns show SEBI's commitment to investor protection and relevance in a fast-moving information age.

Table: SEBI Insider Trading Enforcement Trends (2018–2024)

Year	Focus of Violations	Key Enforcement Tools	Example Case
2018	WhatsApp leaks, insider trades	Civil penalties, injunctions	WhatsApp Earnings Leak
2020	Pandemic-era digital leaks	SDD scrutiny, penalties	Biocon Insider Case
2021	Social media pump-and-dump	Market bans, fines	Telegram Stock Tips
2022	Algo-trading, broker collusion	Injunctions, database audits	Infosys Earnings Leak
2024	AI-detected digital leaks	Higher penalties, prosecutions	Reliance Digital Leak

⁹ Mohapatra CS, Ghosh D. Investor Protection Paradigm in India: Mounting Criticality of Digitalisation. Margin: The Journal of Applied Economic Research. 2023 Aug;17(3-4):251-78.

3.3 Key Case Examples

To illustrate SEBI's enforcement in the digital era, a review of selected cases provides insights into regulatory findings, the application of penalties, and broader implications for market participants.

Case 1: WhatsApp Leak Case (2017–2019)

The WhatsApp leaks were one of the first high-profile digital insider trading cases¹⁰. Multiple blue-chip companies' earnings estimates were found in secret WhatsApp groups before public releases. SEBI investigated market participants' digital devices, WhatsApp communications, and transaction data from 2017 to 2019. Even though SEBI was first condemned for not being able to charge all participants due to evidence restrictions, the case changed enforcement. SEBI demonstrated its willingness to investigate encrypted internet platforms. Regulators needed structured digital databases to follow UPSI after the discoveries.

Case 2: Axis Bank Insider Trading (2019)

SEBI punished Axis Bank employees who traded in company securities using UPSI financial reports in 2019. The regulator said some bank employees traded unlawfully after accessing financial data before it was released. SEBI's judgement fined financial firms and highlighted the need for stricter compliance. Given UPSI's breadth and complexity, financial institutions need strong internal controls to prevent exploitation.

Case 3: Biocon Insider Trading (2021)

SEBI penalised Biocon Ltd. and its high management in 2021 for negligent UPSI medicine approvals and unstructured digital database upkeep¹¹. Since the company's SDD was utilised to disseminate UPSI without reporting, the 2015 Regulations were violated. Even though the pecuniary penalties were small, the verdict confirmed SEBI's focus on procedural compliance in enforcement. Pharmaceutical companies, which handle sensitive regulatory information that affects stock prices, should emulate Biocon.

¹⁰ Singh MS. Financial Regulation and Economic Progress: A Legal Perspective. Journal of East-West Thought (JET) ISSN (O): 2168-2259 UGC CARE I. 2024;14(4):1055-67.

¹¹ Shukla G. INSIDER TRADING: Contours of Liability and Judicial Approach. Available at SSRN 5446577. 2023 Dec 5.

Case 4: WhatsApp–Reliance Capital and Reliance Home Finance Case (2021)

SEBI penalised WhatsApp users who leaked Reliance Capital and Reliance Home Finance's 2021 financial results. SEBI analysed WhatsApp conversations and call logs for UPSI movement. It showed that digital platform metadata can be utilised as evidence in insider trading investigations without access to encrypted messages. SEBI's determination to adapt its enforcement strategy to digital communications is shown by these fines.

Case 5: IIFL Securities Insider Trading Case (2023)

In 2023, SEBI punished IIFL Securities and its employees for talking and trading on UPSI about future commercial deals. The regulator said research analysts had vital merger information that was leaked to third businesses. This example shows that intermediaries' research and advising divisions are risky since they sit between corporate clients and investors. By issuing disgorgement orders, penalties, and other sanctions, SEBI made it plain it would not tolerate intermediaries abusing their power.

Conclusion of Enforcement Analysis

SEBI's enforcement efforts from 2018 to 2024 demonstrate its legal and technological growth. The strategy emphasises digital platforms and their complex information networks over company insiders. Recently, investigators have used more social media tips, middlemen, and high-frequency trading, as well as structured digital databases. Case studies demonstrate SEBI's innovation by using metadata, demanding SDD compliance, and penalising intermediaries, while delivering a deterrent message through financial penalties and market suspensions¹². Importantly, these cases illustrate that insider trading in India is moving beyond company boardrooms and into the digital world. SEBI's 2018–2024 enforcement actions demonstrate its adaptability. They also emphasise the importance of being watchful, integrating technology, and following rules to preserve investors, market fairness, and efficiency in India's securities markets.

4. Insider Trading in Digital Markets

Financial markets' rapid digitisation has modified insider trading's meaning. Algorithmic

¹² Kumar A, Gangwar T. Strengthening SEBI's Enforcement: Analyzing the Enhanced Powers Post the 2014 Amendment. Available at SSRN 5145885. 2024 Sep 1.

algorithms, social media influencers, and decentralised platforms with cryptocurrencies and NFTs provide new risks to companies, replacing insiders. These developments test SEBI's enforcement and regulatory framework. They obscure the concept of "insiders" and make it difficult for authorities to investigate and penalise misconduct.

4.1 Algorithmic and High-Frequency Trading

Algorithmic trading, including HFT, allows microsecond trades. Modern securities markets have been radically altered. Even if these technologies boost market liquidity and efficiency, they introduce insider dangers. When algorithms use non-traditional data sources like consumer sentiment research, web-scraped financial data, or satellite imagery, UPSI categorisation issues occur. The issuer may not provide the information directly, but giving certain firms preferred access to these figures may establish a de facto insider advantage. Dark pools, hidden markets where massive trades can be made anonymously, make it hard to track people. Dark pools can be utilised for insider trading if institutional players use UPSI to manipulate prices without affecting public markets. Traditional surveillance methods fail on opaque platforms, making SEBI's oversight harder. Algorithmic and high-frequency trading enhance insider threats due to their complexity and speed. In contrast to manual transactions that may be traceable to individuals, UPSI algorithms use pre-coded instructions, making it hard to link their purpose or knowledge. In response, SEBI has reinforced its oversight networks, deployed ML algorithms to identify suspect trading patterns, and required HFT businesses to keep thorough algorithmic techniques records. However, individuals disagree on whether algorithms should be able to access alternative data as insider trading or a legitimate competitive advantage that doesn't violate market fairness.

4.2 Social Media and Influencers

Social media has created new routes for market-affecting information transmission. Twitter (X), YouTube, Telegram, and WhatsApp are ideal for tipping and touting, where prominent people or insiders disseminate UPSI by appearing to give financial advice. While "touting" is advertising a stock to create fake demand, "tipping" is the unlawful communication of UPSI for trading. Both strategies are used in pump-and-dump scams, where misleading information boosts stock prices and hurts investors. Multiple SEBI probes between 2018 and 2024 highlight its growing concerns regarding influencer-driven trading. SEBI investigated YouTube financial "gurus" who spread insider tips to thousands of followers, creating price volatility.

Enforcing influencers' messages may be challenging because they may convey them as opinions or entertainment¹³. This raises questions about free speech and market manipulation. In response, SEBI has implemented new online discourse monitoring mechanisms. SEBI has enhanced engagement with platforms to protect UPI accounts' metadata, and exchanges now provide data feeds of unexpected price movements related to online rumours. Regulators must use digital forensics, device seizures, or metadata trails to access encrypted messages. This complicates enforcement. Social media influencers often traverse borders, complicating jurisdictional enforcement.

4.3 Cryptocurrencies and NFTs

The bitcoin and NFT industries present the most new insider trading challenges. Digital assets, unlike securities traded on SEBI-regulated exchanges, operate in decentralised ecosystems without clear regulations. The disagreement over whether cryptocurrencies are "securities," "commodities," or "something else" is a fundamental issue. SEBI has limited control over crypto assets because India has not yet established a comprehensive regime for them, unlike the SEC and other US regulators that have deemed certain tokens securities. Token listings on exchanges or NFT dumps generally reveal insider trading risks. Blockchain project insiders, developers, and exchange employees know which coins will be listed first, providing them an advantage when investors arrive. NFT projects with restricted releases or celebrity endorsements allow insiders to buy NFTs at low prices before the announcement, influencing the markets. Enforcement is difficult in this area. Anonymous, cross-border cryptocurrency transactions occur on decentralised exchanges. Blockchain technology makes it easy to know who has spent money at an address, but it's hard to correlate addresses to people. SEBI and other authorities are investigating blockchain analytics technologies and working with international enforcement bodies to detect digital asset market insider trading. Since crypto-assets have no legal definition in India, legislative clarity is needed immediately.

5. Comparative Enforcement and Global Practices

Global regulators' approaches to similar concerns are significant for digital market insider trading regulation. SEBI learnt from the US Department of Justice (DOJ), UK Financial

¹³ Velagala DL. Front running activity in Indian mutual fund sector and regulatory action by securities and exchange board of India. *Journal of Financial Crime*. 2025 Jun 10;32(4):878-95.

Conduct Authority (FCA), and EU regulatory framework on multijurisdictional risks, whistleblower protections, and fines.

5.1 U.S. SEC and DOJ: Crypto Enforcement Trends

The US leads digital insider trading enforcement. By expanding securities laws to token trading, the SEC and DOJ have aggressively pursued cryptocurrency prosecutions. In *SEC v. Ishan Wahi* (2023), a former Coinbase employee was prosecuted for telling his brother and friend about token listings. Despite no formal regulation, this case was the first to prosecute cryptocurrency insider trading, showing that digital assets are subject to the same rules. The Classical Theory addresses business insiders who break their fiduciary duty, while the Misappropriation Theory tackles outsiders misusing sensitive information. U.S. authorities use both hypotheses¹⁴. This dual method allows for flexibility in applying insider trading restrictions to crypto markets and alternative data. SEC (civil fines, disgorgement) and DOJ (criminal prosecution) enforcement measures have a tremendous deterrent effect. US insider trading whistleblowers are protected and financially rewarded by the Dodd-Frank Act. This technique found complex regulatory-evasion strategies.

5.2 FCA/FIU Approach to Social Media Tipping

According to the MAR, the FCA enforces UK insider trading laws. FCA guidance like FG24/1 (2024) requires firms to monitor digital channels and implement proactive compliance measures to fight social media tipping and pump-and-dump scams. Influencers who failed to disclose that they were paid to advocate stocks were fined by the FCA for market misuse. UK and EU Financial Intelligence Units (FIUs) monitor insider monies laundered through bitcoin wallets or offshore accounts. Cooperation between FIUs and securities regulators has improved tracking of non-bank accounts. The FCA prioritises corporate compliance cultures, therefore firms must include insider trading measures in their governance systems. This includes mandatory training, reporting suspicious activity, and monitoring employee contacts.

5.3 Lessons for SEBI

India can draw several lessons from global practices in strengthening its enforcement against

¹⁴ Hindocha T, Ghose S. Charting the Future of Financial Regulation: A Comprehensive Analysis of the 2024 SEBI ICDR Amendments. *GNLU L. Rev.* 2022;9:190.

insider trading in digital markets:

1. **Whistleblower Mechanisms:** SEBI currently has a limited whistleblower policy compared to the U.S. Adopting financial incentives and stronger protections could significantly enhance detection.
2. **Parallel Enforcement:** Collaboration between SEBI and enforcement agencies such as the Enforcement Directorate (ED) could mirror the SEC-DOJ model, ensuring both civil and criminal deterrence.
3. **Social Media Oversight:** Like the FCA, SEBI may need to issue detailed guidelines mandating companies, brokers, and intermediaries to monitor social media channels for potential UPSI leaks.
4. **Cross-Border Cooperation:** Insider trading in cryptocurrencies and NFTs necessitates cooperation with foreign regulators and FIUs to track cross-jurisdictional trades.
5. **Adaptive Classification:** India must move toward clearer legal definitions of crypto-assets, learning from the U.S. approach of treating tokens that meet the “Howey Test” as securities.

5.4 Comparative Table

Jurisdiction	Scope of Assets	Enforcement Tools	Whistleblower Framework	Penalties	Social Media/Crypto Approach
India (SEBI)	Securities, expanding to digital intermediaries (2024)	Civil penalties, disgorgement, market bans	Limited protections, no financial incentives	Fines up to ₹25 crore, debarment	Surveillance of WhatsApp/Telegram, exploring crypto regulation
U.S. (SEC/DOJ)	Securities, cryptocurrencies (via Howey Test)	Civil (SEC), criminal (DOJ), disgorgement	Robust Dodd-Frank incentives	Unlimited civil fines, prison terms	Aggressive enforcement in crypto (SEC v. Wahi)

UK (FCA)	Securities, derivatives, commodities, crypto promotions	Civil penalties, compliance obligations	Confidential reporting channels	Unlimited fines, bans	FCA FG24/1: oversight of influencers, social media
EU (MAR)	Broad: securities, derivatives, commodities, emission allowances	Civil sanctions, administrative measures	EU whistleblower directive protections	Member-state discretion; fines can exceed €10m	Strict oversight of disclosure, harmonized enforcement

Despite India's greatest efforts, notably with the 2024 changes, SEBI's framework for digital insider trading is less developed than the US and UK's. Lack of a solid reporting system, insufficient criminal coordination, and confusing crypto asset legislation are also issues. However, SEBI is adapting by using AI-driven surveillance, social media monitoring, and organised digital databases. SEBI may learn from the US' multi-jurisdictional enforcement and the FCA's proactive compliance culture to protect investors in a digitally changed and globally integrated market.

6. Compliance and Governance Strategies

Institutions that support the market, intermediaries, and listed corporations must change their compliance and governance standards to accommodate digital insider trading. Algorithmic trading, internet connectivity, and new asset classes make insider lists and trading windows ineffective. Thus, good corporate governance is the best defence against insider trading. Board directors should promote ethical trading and ensure compliance with SEBI's 2015 Prohibition of Insider Trading (PIT) Regulations, as updated in 2024. Company leadership must set an example, compliance must be engrained in policy, and directors, employees, and associated parties must get frequent insider trading training. Modern governance requires monitoring market volume-generating algorithmic and high-frequency trading systems. SEBI controls include pre-trade risk checks, real-time monitoring, and "kill switches" to stop trading if suspicious conduct occurs¹⁵. Companies using algorithms should have compliance modules in their trading infrastructure. Trade audit trails and anomaly detection using AI should be

¹⁵ Kumar A, Gangwar T. Strengthening SEBI's Enforcement: Analyzing the Enhanced Powers Post the 2014 Amendment. Available at SSRN 5145885. 2024 Sep 1.

included in these modules. Broker-dealers should discover insider trading trends during mergers, earnings announcements, and regulatory approvals via sophisticated monitoring systems.

Beyond trade controls, governance now includes digital communications and social media. SEBI is investigating "finfluencers" and online investment advisers, therefore businesses should develop social media policies and disclosure forms for staff and affiliates. These policies require personal social media use rules, paid or sponsored recommendation disclosure, and price-sensitive information sharing restriction. Influencer marketing must follow a systematic compliance approach after SEBI's new sanctions for unauthorised internet touting and pump-and-dump schemes. Another important way is using and maintaining Structured Digital Databases (SDDs). All listed entities must preserve SDDs of UPSI insiders' information under 2015 Regulations. SEBI uses this criterion to follow sensitive data from its origin to its destination, which is crucial to its enforcement. Effective SDD use, supported by periodic audits and technology integrations, provides compliance documentation that may be used to defend organisations and decreases regulatory liability. This multi-layered compliance architecture addresses traditional and new insider trading dangers. Algorithmic monitoring, digital communication policies, board oversight, and structured data management are governance techniques.

7. Policy Recommendations

SEBI's insider trading framework for digital ecosystems and asset classes is lacking. Several policy recommendations should be actively examined to build a solid and future-ready regulatory framework. India must first standardise its insider trading definition to include cryptocurrencies, NFTs, and traditional stocks. Regulators arbitrage to determine if crypto-assets are securities, commodities, or a separate class, resulting in inconsistent regulation. To clarify, a new Digital Assets Regulation Act or Securities Contracts (Regulation) Act change may help. Pre-release knowledge may give unfair trading advantages in token listings on exchanges, NFT drops, and DeFi project debuts. Our methodology should eliminate these difficulties.

Second, trading platforms and intermediaries must suffer more. Cryptocurrency trading platforms, stock exchanges, and brokers must employ UPSI to detect suspicious dealings. Platforms should monitor wallet addresses, algorithmic tendencies, and insider wash

transactions. SEBI may use regulatory sandboxes to explore blockchain analytics and AI-driven surveillance. Third, social media's growing influence on investment decisions necessitates a financial influencer regulation framework. SEBI consultation papers have recommended guidelines for advertising to finfluencers, disclosure, and registration. Disclosure of affiliations, sponsors, and financial interests should be standard. A code of conduct with penalties could end influencers' deceptive "tip" or "tout" practices. These guidelines would define how regulators should handle internet investment promotions and align India with EU and UK standards. Finally, global digital insider trading requires increased international collaboration. Many digital platforms and crypto-exchanges are not regulated in India, creating enforcement gaps. Bilateral and multilateral agreements between authorities like the SEC, FCA, and ESMA would make information sharing and collaborative investigations easier. SEBI's whistleblower mechanism might be strengthened to encourage insider trading disclosures in physical and online markets by providing anonymity and retaliation protections. By adapting its regulations to global best practices and technology, India can keep up with market changes and boost investor trust.

8. Methodology

This essay reviews Indian statutes, guidelines, and court decisions to assess digital-age insider trading legislation using doctrinal legal research. The analysis focusses on India's 2015 Prohibition of Insider Trading (PIT) Regulations, as updated in 2024. The regulatory text was examined using SEBI circulars, consultation papers, and enforcement reports to identify essential provisions, compliance requirements, and interpretation help. The second approach pillar is case law analysis. Studying SEBI enforcement activities from 2018 to 2024 and Indian court judgements revealed trends in violations, UPSI interpretations, and penalties. WhatsApp groups, digital intermediaries, and social media leaks were chosen to demonstrate how enforcement is changing. Reading SEBI lectures and reports has benefited the doctrinal study by illuminating the regulations' goals and future ambitions. India's regulatory model is compared to global norms. For SEC and DOJ digital and crypto enforcement, the U.S. model—based on classical and misappropriation insider trading—provides instructive analogies. The Market Abuse Regulation (MAR) and latest FCA proposals underpin EU/UK influencer regulation and enforcement. The analysis shows that SEBI's disclosure requirements, fines, and duties are inferior to foreign peers. Some limits apply to research. In the nascent realm of digital market insider trading, crypto listings and NFT debuts are not yet controlled by statute.

Enforcement data, especially for active investigations, is sometimes unavailable to the public, limiting empirical study. Doctrinal analysis cannot capture industry-led self-regulation and informal procedures that may affect compliance. Using legislative interpretation, case law research, and comparative analysis, the methodology provides a comprehensive and systematic understanding of insider trading restrictions in India's digital age.

9. Conclusion

India's insider trading law has evolved from ad hoc guidelines in the mid-20th century to a tech-driven SEBI-supervised system. The SEBI (PIT) Regulations, 2015 consolidated regulations and introduced UPSI definitions, trading windows, and Structured Digital Databases. Changes in 2024 suited the system to the digital marketplace. Looking back at these policies, protecting investors and market integrity have always been their top priorities. This indicates equity is essential to capital markets. The 2018–2024 enforcement record shows SEBI's regulatory accomplishments and failings. First, SEBI now uses digital monitoring and SDD audits to discover irregularities. Government agencies are focussing increasingly on digital communication channels, WhatsApp groups, and social media leaks to identify new hazards. The worldwide nature of crypto-assets, the speed of algorithmic trading, and the rise of unregulated financial influencers provide enforcement gaps. These gaps emphasise regulatory innovation and global cooperation. Digital era complications are not just the responsibility of traditional corporate personnel. Algorithmic traders, influencers, and anonymous crypto-holders, who often violate insider trading laws, affect market activity. SEBI struggles to balance market innovation with deception prevention. Governance measures like board-level compliance and algorithmic monitoring tools have helped close this gap, but they need continual refinement and technical support. Harmonising insider trading regulations across asset classes, making platforms more accountable, clarifying influencer disclosure criteria, and improving enforcement across borders will boost resilience. Investors are protected by sound markets. As more monetary transactions transcend borders and digital ecosystems, India must adapt its regulatory structure to international norms while considering local market needs. This way, SEBI can ensure that insider trading restrictions deter misbehaviour and build investor trust, which are essential for capital market health.

Reference

1. Weiping H. Insider Trading and Investor Protection. In *The Regulation of Securities Markets in China* 2018 Feb 13 (pp. 125-170). New York: Palgrave Macmillan US.
2. Prakash S. Insider Trading beyond Borders: A Critical Analysis of the Extraterritorial Application of Indian Insider Trading Legal Framework. *Issue 1 Int'l JL Mgmt. & Human..* 2024;7:1459.
3. Swati V. A Critical Evaluation of India's Regulatory Framework and Its Initiatives to Combat Insider Trading. *Issue 5 Int'l JL Mgmt. & Human..* 2024;7:1083.
4. Kaur J. Investors' perception towards investor protection measures taken by the government of India and SEBI: an ordinal approach. *International Journal of Law and Management.* 2024 Nov 15;66(6):720-51.
5. Dutta B, Miglani D, Sherawat A. AI-DRIVEN SURVEILLANCE AND BLOCKCHAIN INTEGRATION FOR INSIDER TRADING DETECTION: A REGULATORY FRAMEWORK FOR SEBI.
6. Potharla S. Transforming India's Capital Markets: Tracking the Evolution of India's Capital Markets (2010-2025). Available at SSRN 5348943. 2025 Jul 2.
7. Aggarwal N, Kulkarni A, Patel B, Patel S, Sane R. Balancing Power and Accountability: An Evaluation of SEBI's Adjudication of Insider Trading. 2025 Apr 1.
8. Vats V. Insider Trading and the Regulatory Overreach of SEBI. *Jus Corpus LJ.* 2023;4:79.
9. Mohapatra CS, Ghosh D. Investor Protection Paradigm in India: Mounting Criticality of Digitalisation. *Margin: The Journal of Applied Economic Research.* 2023 Aug;17(3-4):251-78.
10. Singh MS. Financial Regulation and Economic Progress: A Legal Perspective. *Journal of East-West Thought (JET)* ISSN (O): 2168-2259 UGC CARE I. 2024;14(4):1055-67.
11. Velagala DL. Front running activity in Indian mutual fund sector and regulatory action

by securities and exchange board of India. Journal of Financial Crime. 2025 Jun 10;32(4):878-95.

12. Shukla G. INSIDER TRADING: Contours of Liability and Judicial Approach. Available at SSRN 5446577. 2023 Dec 5.
13. Hindocha T, Ghose S. Charting the Future of Financial Regulation: A Comprehensive Analysis of the 2024 SEBI ICDR Amendments. GNLU L. Rev.. 2022;9:190.
14. Kumar A, Gangwar T. Strengthening SEBI's Enforcement: Analyzing the Enhanced Powers Post the 2014 Amendment. Available at SSRN 5145885. 2024 Sep 1.
15. Yadav AS. Frauds in Capital Market. Supremo Amicus. 2024;34:1.