



# WHITE COLLAR CRIME & INVESTIGATIONS BULLETIN



## INTRODUCTION

As part of our continued coverage on global developments in white collar crime and corporate investigations, we are pleased to share the latest update in this edition of our Bulletin.

On the occasion of World Whistleblower Day, this special note authored by Madhavi Dutta, Partner – White Collar & Compliance Practice, unpacks the implications of global whistleblower reward regimes for Indian companies and outlines key steps to stay ahead of the enforcement curve.

## WHISTLEBLOWER REWARDS ARE GETTING REAL

*What Indian companies need to know as incentives rise and risks multiply*

### The new enforcement reality

A mid-level finance executive at an Indian subsidiary spots irregular vendor payments tied to a U.S.-listed parent company. Internal reporting channels fail. The matter is escalated to the U.S. Securities and Exchange Commission (SEC), resulting in a multimillion-dollar enforcement action and a substantial personal reward for the whistleblower.

Scenarios like this are no longer exceptional. Across jurisdictions, regulators are expanding whistleblower reward programs to drive enforcement. And India is beginning to follow suit. For companies operating in or from India, this marks a shift not only in how misconduct is reported, but in how corporate risk must be managed.

### How global regulators are raising the stakes

In the United States, the Department of Justice (DOJ) expanded its whistleblower rewards pilot in March 2024 to cover a broader

range of misconduct—including violations of the Foreign Corrupt Practices Act (FCPA), fraud, sanctions breaches, and immigration-related offenses. Whistleblowers can receive up to 30% of forfeited assets if their tip leads to successful enforcement.

The SEC and Internal Revenue Service (IRS) operate long-standing reward programs. In FY 2023 alone, the SEC paid out over USD 600 million—marking its highest-ever annual payout to whistleblowers.

Meanwhile, the United Kingdom is formalising its approach. Her Majesty's Revenue and Customs (HMRC) has announced plans to replace discretionary payments with a structured scheme offering up to 25% of recovered tax in whistleblower cases.

The message is clear: regulators are no longer passively accepting disclosures—they are actively incentivising them,

## TRIVIA



The earliest recorded whistleblower dates back to Ancient Egypt, where workers who built the pyramids lodged complaints about poor working conditions — essentially one of the first “whistleblower” actions in history!

Although the act of exposing wrongdoing is centuries old, the term “whistleblower” only became popular in the 1970s—to avoid the negative connotations of “informer” or “snitch.”

As of now, more than 60 countries have enacted some form of legislation to protect whistleblowers—but many still lack effective enforcement, making awareness days like June 23 all the more important.

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## SEBI signals a shift

India doesn't yet have a broad-based whistleblower reward regime, but the Securities and Exchange Board of India (SEBI) is moving in that direction. SEBI currently offers financial rewards of up to INR 10 crore for credible tips on insider trading. In May 2025, it announced proposed reforms that would expand this framework to cover misconduct such as market abuse, financial misreporting, and governance failures, along with stronger anonymity protections. The move follows high-profile governance failures, including the INR 262 crore Gensol fraud.

Separately, SEBI has introduced procedural guidance allowing informants to assist in recovery proceedings. And in June 2025, it issued multiple recovery orders in ongoing cases—a signal that these frameworks are already being operationalised.

India may not yet have codified an incentive regime as comprehensive as those in the U.S. or U.K., but the trajectory is unmistakable.

## What this means for Indian companies

Indian whistleblowers are already participating in global enforcement ecosystems. India consistently ranks among the top five foreign sources of tips received by the U.S. SEC.

For companies with U.S.-listed securities, international investors, or global operations, that means a concern raised in India can quickly become a matter of cross-border enforcement. The implications span financial penalties, regulatory scrutiny, and reputational harm.

Meanwhile, Indian law requires listed companies and certain entities to maintain internal vigil mechanisms. As financial incentives grow, these systems are no longer just a formality. They are a company's first line of defense. If internal mechanisms are not trusted, employees may turn to external regulators, where the promise of confidentiality and financial reward is increasingly compelling.

## Strategic exposure is rising

As protections and incentives expand, so does the potential for misuse. Not all disclosures will be made in good faith. Some may be retaliatory or strategically timed, particularly in the context of contentious exits, governance disputes, or sensitive transactions.

A company's ability to manage these disclosures effectively will depend on the credibility of its internal systems. This means ensuring that whistleblower mechanisms are not only confidential and accessible, but also capable of objective evaluation, defensible documentation, and consistent follow-through.

## The leadership imperative

Whistleblower regimes are no longer experimental. They are becoming institutionalised components of global regulatory strategy. With SEBI signalling structural reform and Indian whistleblowers already engaging foreign regulators—the question is no longer whether Indian companies will be affected, but how ready they are when it happens.

Companies that invest early in trusted, well-governed internal systems won't just reduce exposure. They'll be positioned to detect problems earlier, respond more credibly, and retain the confidence of regulators, investors, and employees alike.

In a world where speaking up is increasingly incentivised, the smartest organisations will be the ones that know how to listen.

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