



LIVE THE FUTURE

Lloyd Electric & Engineering Limited

Code of Conduct for Prevention of Insider Trading

Code of Conduct to Regulate, Monitor and Report Insider Trading
&

Code of Practices & Procedures for Fair Disclosures of
Unpublished Price Sensitive Information

Lloyd Electric & Engineering Limited

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1. Background

“**Insider trading**” is the trading of securities of publicly traded company by insider having an access to non-public information about the company or any confidential price-sensitive knowledge and data that can provide an unfair advantage to that insider. Such trading is a civil as well as criminal wrong in violation of the fiduciary or contractual obligations of the insider. It is against the principles of efficient market of the securities of the company and erodes confidence of the investors in the company.

The Securities and Exchange Board of India (SEBI), in its endeavor to regulate, develop the securities market and protect the interest of investors had formulated the SEBI (Prohibition of Insider Trading) Regulations, 1992 (“Regulations 1992”) to provide a fair securities market by prohibiting insider trading. Now the SEBI has revised the regulation by replacing it with the Securities and Exchange Board (Prohibition of Insider Trading) Regulations, 2015 (“Regulations 2015”).

Lloyd Electric & Engineering Limited (LEEL) had in place its Code of Conduct for Prevention of Insider Trading ensuring the compliance of Regulation, 1992.

Accordingly, after notification of Regulation 2015 the Company also replaces its Code of Code of Conduct for Prevention of Insider Trading in compliance with the said regulation by adopting **New Code of Conduct for Prevention of Insider Trading** (“Code of Conduct”) duly approved by the Board of Directors in its meeting held on May 28, 2015 and further amended in its Board meeting held on February 12, 2016 in consonance of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015

2. New Code of Conduct for Prevention of Insider Trading:

As per Regulation 8 (1) of SEBI Prohibition of Insider Trading Regulations, 2015, every Company whose securities are listed on a Stock Exchange, shall formulate a code of practices and procedures for fair disclosures of Unpublished Price Sensitive Information.

Further, Regulation 9(1) requires every Company whose securities are listed on a Stock Exchange, shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with the Regulation.

Therefore, to comply with the above regulations the Board notifies the Code of Conduct for Prevention of Insider Trading of the Company containing Code of Practices & Procedures for Fair Disclosures of Unpublished Price Sensitive Information & Code of Conduct to regulate, Monitor and Report Insider Trading and shall be effective from its notification.



3. Applicability:

The Code is applicable to all Designated / Connected Persons and to the extent specified, to their Immediate Relatives. All Designated / Connected Persons are advised to carefully go through and familiarize themselves with and adhere to the Code.

In case a Designated Person / Connected Person holds Securities jointly with any other person, related or not, such holding will be considered as the holding of the Designated Person. Accordingly, all the provisions of the Code shall be applicable in totality.

4. Definitions

- a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- b) "Board" means the Securities and Exchange Board of India;
- c) "Board of Directors" means Board of Directors of the Company;
- d) "Company" means Lloyd Electric & Engineering Ltd';
- e) "Compliance Officer" means the Company Secretary, appointed pursuant to section 2(24) of the Companies Act, 2013 or any other person so designated by the Board of Directors of the Company time to time.
- f) "Connected Person" means:
 - (I) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
 - (II) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -
 - (i) an immediate relative of connected persons specified in clause (i); or



- (ii) a holding company or associate company or subsidiary company; or
- (iii) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
- (iv) an investment company, trustee company, asset management company or an employee or director thereof; or
- (v) an official of a stock exchange or of clearing house or corporation; or
- (vi) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
- (vii) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
- (viii) an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
- (ix) a banker of the company; or
- (x) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

g) Designated Person: The term “designated person” shall consist following:

- i. Connected Persons
- ii. Promoters of the Company;
- iii. Directors of the Company and its subsidiaries;
- iv. Key Managerial Personnel (KMPs)
- v. Managerial Personnel at the level of General Manager and above
- vi. All employees in the Finance and Accounts Department, Corporate Planning Department, Legal Department, Secretarial Department, Information Technology Department;
- vii. Executive Secretaries of Directors and KMPs and Sr. Officials of the Company;
- viii. Any other Connected Person designated by the Company on the basis of their functional role;
- ix. Immediate Relatives of i to vii above;

h) “Director” shall have the meaning assigned to it under the Companies Act, 2013.

i) “Generally available information” means information that is accessible to the public on a non-discriminatory basis;

j) “Insider” means any person who is:

- i) a connected person;
- ii) Designated Person; or
- iii) in possession of or having access to unpublished price sensitive information;



- k) "Immediate Relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;
- l) "Key Managerial Personnel" shall have the meaning as assigned to it under Section 2(51) of the Companies Act, 2013, as amended;
- m) "Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
 - a) "Promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
 - b) "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;
 - c) "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
 - d) "Trading day" means a day on which the recognized stock exchanges are open for trading;
 - e) "unpublished price sensitive information" ("UPSI") means 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 and shall, ordinarily including but not restricted to, information relating to the following: –
 - (1) financial results;
 - (2) dividends;
 - (3) change in capital structure;
 - (4) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
 - (5) changes in key managerial personnel; and
 - (6) material events in accordance with the Listing Regulations 2015.

The words and phrases used in this policy which are not defined here shall derive their meaning from the applicable laws and regulations, as the case may be.



PART A

Code of Conduct to Regulate, Monitor and Report Insider Trading

1. RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS BY COMMUNICATION OR PROCUREMENT OF UNPUBLISHED PRICE SENSITIVE INFORMATION.

No insider shall:

- i) Communicate, provide, or allow access to any unpublished price sensitive information, relating to the company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- ii) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to the company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- iii) Notwithstanding anything contained in this code of conduct, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:–
 - a. entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company;
 - b. not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine.
- iv) For the purpose of point (iii) above, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.



2. CHINESE WALL:

To prevent the misuse of confidential information, the Company has laid down Chinese Walls procedures which separate those areas of the Company that routinely have access to confidential information, considered "inside areas" from those which deal with sale/marketing/investment advice or other departments providing support services, considered "public areas".

- (i) The employees in the inside area shall not communicate any Unpublished Price Sensitive Information to anyone in public area.
- (ii) The Company shall have process of maintaining securely, computer files containing confidential information and physical storage of documents relating to UPSI.
- (iii) All the UPSI is to be handled on "need to know basis", i.e., UPSI should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information. All the non-public information directly received by any employee should immediately be reported to the head of the department. In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the Compliance Officer.

3. PROHIBITION ON INSIDER TRADING

- (1) An insider shall not trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information, except in the following conditions:
 - a. the transaction is an off-market inter-se transfer between promoters who were in possession of the same unpublished price sensitive information without being in breach of this code and both parties had made a conscious and informed trade decision
 - b. in the case of non-individual insiders: –
 - i. the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and
 - ii. appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information



was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

- c. the trades were pursuant to a trading plan set up in accordance with this code and Regulation 2015.

4. TRADING PLAN

- (1) An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan (refer Form given at **Annexure 1**)
- (2) Such trading plan shall:–
 - a. not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
 - b. not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;
 - c. entail trading for a period of not less than twelve months;
 - d. not entail overlap of any period for which another trading plan is already in existence;
 - e. set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
 - f. not entail trading in securities for market abuse.
- (3) The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.
- (4) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan. However, the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the



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commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of the Regulation.

- (5) Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

5. CLOSURE OF TRADING WINDOW

- (1) The Compliance Officer from time to time shall notify a 'closure of trading window' during which designated persons shall not trade in the Company's securities when the trading window is closed.
- (2) The trading window shall be, interalia, closed 15 days prior to declaration of financial results and for any other UPSI, the period as may be defined in the listing regulations and / or as may be decided by the KMPs who have been authorised as such by the Board in pursuance of Regulation 30 of Listing Regulations.
- (3) The trading window shall be re-opened 48 hours after the UPSI in question becomes generally available.
- (4) Additionally, the trading window shall be closed in particular for a Designated Person or class of Designated Persons when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI, for such periods as determined by the Compliance Officer.
- (5) The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.

6. SILENT PERIOD

The Company shall have silent period 15 days prior to release of its financial results every quarter. During the silent period, the Company's authorized spokespersons are not permitted to discuss the financial performance, earnings expectations and any other sensitive business matters with any analysts, institutional investors, key customers, media or public in general. Usually, during silent period the Company should avoid making any major change / developments. The Key Managerial Personnel of the Company are authorised to decide any exceptions in this regard during the quiet period and certain major UPSIs can be notified to the Stock Exchanges. e.g. events / information required to be disclose as per the regulation 30 of the Listing Regulations and Company's Policy for determining materiality of event / information.



7. PRE CLEARANCE OF TRADING

- 1) Designated Persons may trade in the securities of the Company when the trading window is open, after obtaining approval of the Compliance Officer by submitting an application as per **Annexure 2** and an undertaking as per **Annexure 3**.
- 2) Such pre-trading approval would be necessary, if the transactions (either single or aggregate) in any financial year exceeds Rs.5,00,000/- or such other amount as may be specified by the Board of Directors from time to time provided the Designated Person is not in possession of UPSI while executing the trade.
- 3) Pre-clearance of trades by Compliance Officer will be required even for trades envisaged to be conducted as per the Trading Plans approved by the Compliance Officer;
- 4) The Compliance Officer shall not approve any application of proposed trade by Designated Person if the Compliance Officer determines that such Designated Person is in possession of UPSI even though the trading window is open.
- 5) The Designated Person shall, within two days of the execution of the trade, submit the details of such trade to the Compliance Officer as per **Annexure 4**. In case the transaction is not undertaken, a report to that effect shall be filed in the said form.
- 6) The Compliance Officer may, after being satisfied that the application and undertaking are true and accurate, approve trading by a Designated Person, on the condition that the trade so approved shall be executed within seven trading days following the date of approval.
- 7) If the pre-cleared Trade is not executed within seven trading days after the approval is given, the Designated Person must secure pre-clearance of the transaction again.
- 8) A Designated Person who trades in securities without complying with the preclearance procedure as envisaged in this code or gives false undertakings and/or makes misrepresentations in the undertakings executed by him/her while complying with the pre-clearance procedure shall be subjected to the penalties as envisaged in this code / Regulations 2015.



9) Nothing in this rule shall apply to any trade involving a value less than Rs 5 Lakhs or such other amount as may be specified by the Board of Directors from time to time provided the Designated Person is not in possession of UPSI while executing the trade.

10) No Director or Key Managerial Personnel shall enter into derivative transactions in respect of the securities of the Company.

8. HOLDING PERIOD

(I) The designated persons who are permitted to trade as above shall not enter into a contra trade i.e. sell or buy any number of securities during the next six months following the prior transaction. The designated persons shall also not take positions in derivative transactions in the securities of the Company at any time. The Compliance Officer may be empowered to grant relaxation from strict application of such restrictions for reasons to be recorded in writing provided that such relaxation does not violate the regulations.

(II) In case a contra trade is executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the applicable law.

9. DISCLOSURES REQUIREMENT

(1) Initial Disclosures.

a. Every promoter, key managerial personnel and director of the company shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect in the format set out in

Form A;

b. Every person on appointment as a key managerial personnel or a director or as a Designated person of the company or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter in the format set out in **Form B;**



(2) Continual Disclosures.

- a. Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. 10 Lacs (Ten Lakh Rupees) or such other value as may be specified in the format set out in **Form C**;
- b. The Compliance Officer shall notify the particulars of such trading to the stock exchange on which the securities are listed within:
 - i. two trading days of receipt of the disclosure; or
 - ii. from becoming aware of such information.

(3) Disclosures by other connected persons.

The Compliance Officer may require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in **Form D** and at such frequency as may be determined by the company.

- (4) In addition to the above, all designated person shall forward to the Compliance officer annual statement of all holdings in securities of the Company in **Form E** within 15 days of the closure of the financial year.

10. RECORDS OF DISCLOSURE:

The disclosures received in pursuance of this code of conduct shall be placed before the Board in its next meeting and shall be maintained by the Compliance Officer, for a minimum period of five years.



PART B

Code of Practices & Procedures for Fair Disclosures of Unpublished Price Sensitive Information (UPSII)

The Company:

1. shall make prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. shall ensure uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
3. designates Company Secretary as Chief Investor Relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. shall make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. shall ensure appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. shall ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
7. shall develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
8. shall ensure that all unpublished price sensitive information be handled on a need-to-know basis.

11. PENALTY FOR CONTRAVENTION OF THE CODE

- (1) Every Designated person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions of this Code are applicable to his/her dependents).



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- (2) Any Designated person who trades in securities or communicates any information for trading in securities in contravention of this Code shall be penalized and the Company may take appropriate action.
- (3) Designated person who violates the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for the future participation in Employee Stock Option Plans etc.
- (4) The actions taken by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.
- (5) In case it is observed that there has been a violation of the Code of Conduct and Regulations 2015, the Board of Directors of the Company shall report such violation to SEBI promptly.

12. MISCELLANEOUS

- (1) The Board of Directors shall be empowered to amend, modify, interpret these Rules and such Rules shall be effective from such date that the Board may notify in this behalf.
- (2) Any amendment to the code of practices and procedures for fair disclosure of unpublished price sensitive information and every amendment thereto shall be promptly intimated to the stock exchanges where the securities of the Company are listed.
- (3) The Compliance Officer shall maintain (a) updated list of Designated Persons, (b) records of disclosures and pre-clearance applications and undertakings for a period of five years and (c) a confidential list of any 'restricted securities' to which the Compliance Officer may require Designated Persons to seek pre-clearance before Trading in such 'restricted securities'.
- (4) The Company shall require all Connected Persons to formulate and adhere to a code of conduct to achieve compliance with these Rules. In case such persons observe that there has been a violation of these Rules, then they shall inform the Board of Directors of the Company promptly.
- (5) The Code of Conduct for prevention of insider trading as adopted by the Company shall be available on the Company's website i.e. www.lloydengg.com.
- (6) The Securities and Exchange Board (Prohibition of Insider Trading) Regulations, 2015 has been reproduced at the end of the code of conduct.



ANNEXURE 1

APPLICATION FOR APPROVAL OF TRADING PLANS

(*Promoters/ persons forming a part of Promoter Group /Directors/ Officers/ Designated Employees/ Relatives/ Other (Please Specify.....))

Date:
To,
The Compliance Officer,
Lloyd Electric And Engineering Limited

Dear Sir / Madam,

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's " Code of Conduct for Prevention of Insider Trading", I seek your approval to the following trading plan for the period commencing from _____(Date) and ending on _____(Date) (period not less than twelve months from the commencement date) trade in securities of the Company / exercise the options granted to me the Company as follows:

Name of the Holder	PAN No.	Demat Account Number	Dates of Trading: Start Date and End Date	No of Shares held (With each Folio No / DPID / Client ID)	Nature of Transaction for which approval is sought	No of Shares to be Traded / Options to be exercised	Price at which the Shares are to be traded / Options to be exercised	Value (Rs.)

I hereby undertake that I shall:

1. not commence trading earlier than six months from the public disclosure of the plan;
2. not trade for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results by the Company.
3. not trade in securities for market abuse.

Signature: Name: Designation: Employee number: Department:



Annexure 2
APPLICATION FOR PRE-TRADING APPROVAL

To,
The Compliance Officer,
Lloyd Electric And Engineering Limited

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Insider Trading Policy, I seek approval to purchase / sell / subscribe _____ equity shares of the Company as per details given below:

S.No	Particulars	Details
1	Name of the applicant.	
2	Designation.	
3	Number of securities held as on date.	
4	Folio No. / DP ID / Client ID No.	
5	The proposal is for	a) Purchase of securities b) Subscription to securities c) Sale of securities
6	Proposed date of trading in securities.	
7	Estimated number of securities proposed to be purchased/subscribed/sold.	
8	Current market price (as on date of application)	
9	Whether the proposed transaction will be through stock exchange or off-market trade.	
10	Folio No. / DP ID / Client ID No. where the securities will be credited / debited.	

I enclose herewith the Undertaking signed by me.

Signature: Name: Designation: Employee number: Department:

Date:



Annexure 3

UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRECLEARANCE

To,
The Compliance Officer,
Lloyd Electric & Engineering Limited

I, _____, _____ of the Company residing at _____, am desirous of trading in _____ shares of the Company as mentioned in my application dated _____ for pre-clearance of the transaction.

I further declare that I am not in possession of any unpublished price sensitive information up to the time of signing this Undertaking.

In the event that I have access to or receive any unpublished price sensitive information after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from trading in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Rules as notified by the Company from time to time.

In the event of this transaction being in violation of the Rules or the applicable laws, (a) I will, unconditionally, release, hold harmless and indemnify to the fullest extent, the Company and its directors and officers, (the 'indemnified persons') for all losses, damages, fines, expenses, suffered by the indemnified persons, (b) I will compensate the indemnified persons for all expenses incurred in any investigation, defense, crisis management or public relations activity in relation to this transaction and (c) I authorize the Company to recover from me, the profits arising from this transaction and remit the same to the SEBI for credit of the Investor Protection and Education Fund administered by the SEBI.

I undertake to submit the necessary report within two days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I shall execute the trade within seven days of the receipt of approval failing which I shall seek pre-clearance afresh.

I declare that I have made full and true disclosure in the matter.

Signature: _____ Name: _____ Designation: _____ Employee number: _____ Department: _____
Date: _____



Annexure 4

DISCLOSURE OF TRANSACTIONS

(To be submitted within 2 days of transaction / trading in securities of the Company)

To,
The Compliance Officer,
Lloyd Electric & Engineering Limited

I hereby inform that I

- have not bought / sold/ subscribed any securities of the Company
- have bought/sold/subscribed to _____ securities as mentioned below on ____ (Date)

(strike out whichever is not applicable)

Name of holder	No. of securities Traded	Bought / sold / subscribed	DP ID/Client ID/Folio No.	Price (Rs.)

I declare that the above information is correct and that no provisions of the Company's Rules and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).

Signature : _____

Name:

Date :

FORM A

**SEBI (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (1) (a) read with Regulation 6 (2) – Initial disclosure to the company]**

Name of the company: _____

ISIN of the company: _____

Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

Name, PAN, CIN/DIN & address with contact nos.	Category of Person (Promoters/ KMP /Directors/immediate relative to/others etc)	Securities held as on the date of regulation coming into force		% of Shareholding
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of Open Interest (OI) in derivatives of the company held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

Open Interest of the Future contracts held as on the date of regulation coming into force			Open Interest of the Option Contracts held as on the date of regulation coming into force		
Contract Specifications	Number of units (contracts* lot)	Notional value in Rupee	Contract Specifications	Number of units (contracts* lot)	Notional value in Rupee
6	7	8	9	10	11

Note: In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature:

Designation:

Date:

Place:

FORM B

**SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (1)
(b) read with Regulation 6(2) – Disclosure on becoming a
Director/KMP/Promoter]**

Name of the company: _____

ISIN of the company: _____

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN, CIN/DIN & address with contact nos.	Category of Person (Promoters/ KMP /Directors /immediate relative to/others etc)	Date of appointment of Director/KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/ appointment of Director/ KMP		% of Shareholding
			Type of security (For eg. - Shares, Warrants, Convertible Debenture etc.)	No.	
1	2	3	4	5	6

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015

Details of Open Interest (OI) in derivatives of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP			Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP		
Contract specifications	Number of units (contracts* lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts* lot size)	Notional value in Rupee terms
7	8	9	10	11	12

Note: In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature:

Designation:

Date:

Place:

FORM C

SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7(2) read with Regulation 6(2)-Continual disclosure]

Name of the company: _____

ISIN of the company: _____

Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).

Name PAN, CIN, DIN & address with contact nos	Category of person (Promoters/ KMP/Directors/ immediate relative to/ others etc.)	Securities held prior to acquisition/ disposal		Securities acquired/Disposed				Securities held post acquisition/ disposal		Date of allotment advice/ acquisition of shares/sale of shares		Date of intimation to Company	Mode of acquisition / disposal (on market/public/ rights/ preferential offer / off market/ Inter-se transfer, ESOPs etc.)
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of share holding	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/ Sale/ Pledge / Revoke/ Invoke)	Type of security (For eg.– Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Name : PAN : Address : Contact No.:													

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of trading in derivatives of the company by Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).

Trading in derivatives (Specify type of contract, Futures or Options etc)					Exchange on which the trade was executed	
Type of contract	Contract specifications	Buy		Sell		
		Notional value	Number of units (contracts * lot size)	Notional value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options.

Name & Signature:

Designation:

Date:

Place:

FORM D

**SEBI (Prohibition of Insider Trading) Regulations, 2015
Regulation 7(3) – Transactions by Other connected persons as identified by the company**

Details of trading in securities by other connected persons as identified by the company

Name PAN, CIN, DIN & address with contact nos of connected persons as identified by the company	Connection with company	Securities held prior to acquisition/ disposal		Securities acquired/disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ sale of shares		Date of intimation to Company	Mode of acquisition / disposal (on market/public/ rights/ preferential offer / off market/ Inter-se transfer, ESOPs etc.)
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of share holding	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/ Sale/ Pledge / Revoke/ Invoke)	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of share holding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Name : PAN/ CIN/ DIN : Address : Contact No. :													

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of trading in derivatives by other connected persons as identified by the company

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of contrac	Contract specifications	Buy		Sell		
		Notional value	Number of units (contracts * lot size)	Notional value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options.

Name:

Signature:

Place:

Form E

Annual Statement of Holding within 15 days of closure of financial year

Details of shares or voting rights held by Designated Person(s) of the Company along with the holding of his/her dependents

Name of the Designated Person/ Dependents of Designated Person Pan No. Address	Type of security	Folio No./ DP ID No./ Client ID No. along with the name of the Depository	Share Holding as at beginning of financial year		Acquired / disposed off during the year.	Share Holding As at end of Financial Year	
			No.	%		No.	%
	Equity shares						

I have not contravened the code of conduct for prevention of Insider Trading as notified by the company from time to time.

Signature :

Name :

Designation :

Department :

Date :

Place :

THE GAZETTE OF INDIA

EXTRAORDINARY

PART – III – SECTION 4

PUBLISHED BY AUTHORITY

NEW DELHI, JANUARY 15, 2015

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 15th January, 2015

SECURITIES AND EXCHANGE BOARD OF INDIA

(PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

No. LAD-NRO/GN/2014-15/21/85.- In exercise of the powers conferred by section 30 read with clause (g) of sub-section (2) of section 11 and clause (d) and clause (e) of section 12A of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations, to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof, namely:—

CHAPTER – I

PRELIMINARY

Short title and commencement.

1. (1) These regulations may be called the SEBI (Prohibition of Insider Trading) Regulations, 2015.

(2) These regulations shall come into force on the one hundred and twentieth day from the date of its publication in the Official Gazette.

Definitions.

2. (1) In these regulations, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:–

(a) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(b) “Board” means the Securities and Exchange Board of India;

(c) “compliance officer” means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be;

(d) "connected person" means,-

(i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

(ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -

- (a). an immediate relative of connected persons specified in clause (i); or
- (b). a holding company or associate company or subsidiary company; or
- (c). an intermediary as specified in section 12 of the Act or an employee or director thereof; or
- (d). an investment company, trustee company, asset management company or an employee or director thereof; or
- (e). an official of a stock exchange or of clearing house or corporation; or
- (f). a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
- (g). a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
- (h). an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- (i). a banker of the company; or
- (j). a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

NOTE: *It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.*

(e) "generally available information" means information that is accessible to the public on a non-discriminatory basis;

NOTE: *It is intended to define what constitutes generally available information so that it is easier to crystallize and appreciate what unpublished price sensitive information is. Information published on the website of a stock exchange, would ordinarily be considered generally available.*

(f) “immediate relative” means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

NOTE: *It is intended that the immediate relatives of a “connected person” too become connected persons for purposes of these regulations. Indeed, this is a rebuttable presumption.*

(g) "insider" means any person who is:

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information;

NOTE: *Since “generally available information” is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an “insider” regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.*

(h) "promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;

(i) "securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;

(j) "specified" means specified by the Board in writing;

(k) "takeover regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

(l) "trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;

***NOTE:** Under the parliamentary mandate, since the Section 12A (e) and Section 15G of the Act employs the term 'dealing in securities', it is intended to widely define the term "trading" to include dealing. Such a construction is intended to curb the activities based on unpublished price sensitive information which are strictly not buying, selling or subscribing, such as pledging etc when in possession of unpublished price sensitive information.*

(m) "trading day" means a day on which the recognized stock exchanges are open for trading;

(n) "unpublished price sensitive information" means 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 and shall, ordinarily including but not restricted to, information relating to the following: –

(i) financial results;

(ii) dividends;

(iii) change in capital structure;

- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel; and
- (vi) material events in accordance with the listing agreement.

***NOTE:** It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.*

(2) Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

CHAPTER – II

RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS

Communication or procurement of unpublished price sensitive information.

3. (1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

***NOTE:** This provision is intended to cast an obligation on all insiders who are essentially persons in possession of unpublished price sensitive information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. It is also intended to lead to organisations developing practices based on need-to-know principles for treatment of information in their possession.*

(2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

***NOTE:** This provision is intended to impose a prohibition on unlawfully procuring possession of unpublished price sensitive information. Inducement and procurement of unpublished price sensitive information not in furtherance of one's legitimate duties and discharge of obligations would be illegal under this provision.*

(3) Notwithstanding anything contained in this regulation, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:–

(i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company;

***NOTE:** It is intended to acknowledge the necessity of communicating, providing, allowing access to or procuring UPSI for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to assess a potential investment. In an open offer under the takeover regulations, not only would the same price be made available to all shareholders of the company but also all information necessary to enable an informed divestment or retention decision by the public shareholders is required to be made available to all shareholders in the letter of offer under those regulations.*

(ii) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine.

NOTE: *It is intended to permit communicating, providing, allowing access to or procuring UPSI also in transactions that do not entail an open offer obligation under the takeover regulations if it is in the best interests of the company. The board of directors, however, would cause public disclosures of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.*

(4) For purposes of sub-regulation (3), the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub-regulation (3), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

Trading when in possession of unpublished price sensitive information.

4. (1) No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

Provided that the insider may prove his innocence by demonstrating the circumstances including the following : –

(i) the transaction is an off-market *inter-se* transfer between promoters who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;

(ii) in the case of non-individual insiders: –

(a) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and

(b) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals

taking trading decisions and there is no evidence of such arrangements having been breached;

- (iii) the trades were pursuant to a trading plan set up in accordance with regulation 5.

***NOTE:** When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.*

(2) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

(3) The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

Trading Plans.

5. (1) An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

***NOTE:** This provision intends to give an option to persons who may be perpetually in possession of unpublished price sensitive information and enabling them to trade in securities in a compliant manner. This provision would enable the formulation of a trading plan by an insider to enable him to plan for trades to be executed in future. By doing so, the possession of unpublished price sensitive information when a trade under a trading plan is actually executed would not prohibit the execution of such trades that he had pre-decided even before the unpublished price sensitive information came into being.*

(2) Such trading plan shall:—

(i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;

NOTE: It is intended that to get the benefit of a trading plan, a cool-off period of six months is necessary. Such a period is considered reasonably long for unpublished price sensitive information that is in possession of the insider when formulating the trading plan, to become generally available. It is also considered to be a reasonable period for a time lag in which new unpublished price sensitive information may come into being without adversely affecting the trading plan formulated earlier. In any case, it should be remembered that this is only a statutory cool-off period and would not grant immunity from action if the insider were to be in possession of the same unpublished price sensitive information both at the time of formulation of the plan and implementation of the same.

(ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;

NOTE: Since the trading plan is envisaged to be an exception to the general rule prohibiting trading by insiders when in possession of unpublished price sensitive information, it is important that the trading plan does not entail trading for a reasonable period around the declaration of financial results as that would generate unpublished price sensitive information.

(iii) entail trading for a period of not less than twelve months;

NOTE: It is intended that it would be undesirable to have frequent announcements of trading plans for short periods of time rendering meaningless the defence of a reasonable time gap between the decision to trade and the actual trade. Hence it is felt that a reasonable time would be twelve months.

(iv) not entail overlap of any period for which another trading plan is already in existence;

NOTE: It is intended that it would be undesirable to have multiple trading plans operating during the same time period. Since it would be possible for an insider to time the publication of the unpublished price

sensitive information to make it generally available instead of timing the trades, it is important not to have the ability to initiate more than one plan covering the same time period.

(v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and

NOTE: *It is intended that while regulations should not be too prescriptive and rigid about what a trading plan should entail, they should stipulate certain basic parameters that a trading plan should conform to and within which, the plan may be formulated with full flexibility. The nature of the trades entailed in the trading plan i.e. acquisition or disposal should be set out. The trading plan may set out the value of securities or the number of securities to be invested or divested. Specific dates or specific time intervals may be set out in the plan.*

(vi) not entail trading in securities for market abuse.

NOTE: *Trading on the basis of such a trading plan would not grant absolute immunity from bringing proceedings for market abuse. For instance, in the event of manipulative timing of the release of unpublished price sensitive information to ensure that trading under a trading plan becomes lucrative in circumvention of regulation 4 being detected, it would be open to initiate proceedings for alleged breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003.*

(3) The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

NOTE: *It is intended that the compliance officer would have to review and approve the plan. For doing so, he may need the insider to declare that he is not in possession of unpublished price sensitive information or that he would ensure that any unpublished price sensitive information in his possession becomes generally available before he commences executing his trades. Once satisfied, he may approve the trading plan, which would then have to be implemented in accordance with these regulations.*

(4) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

Provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of sub-regulation (1) of regulation 4.

NOTE: *It is intended that since the trading plan is an exception to the general rule that an insider should not trade when in possession of unpublished price sensitive information, changing the plan or trading outside the same would negate the intent behind the exception. Other investors in the market, too, would factor the impact of the trading plan on their own trading decisions and in price discovery. Therefore, it is not fair or desirable to permit the insider to deviate from the trading plan based on which others in the market have assessed their views on the securities.*

The proviso is intended to address the prospect that despite the six-month gap between the formulation of the trading plan and its commencement, the unpublished price sensitive information in possession of the insider is still not generally available. In such a situation, commencement of the plan would conflict with the over-riding principle that trades should not be executed when in possession of such information. If the very same unpublished price sensitive information is still in the insider's possession, the commencement of execution of the trading plan ought to be deferred.

(5) Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

NOTE: *It is intended that given the material exception to the prohibitory rule in regulation 4, a trading plan is required to be publicly disseminated. Investors in the market at large would also factor the potential pointers in the trading plan in their own assessment of the securities and price discovery for them on the premise of how the insiders perceive the prospects or approach the securities in their trading plan.*

CHAPTER – III

DISCLOSURES OF TRADING BY INSIDERS

General provisions.

6. (1) Every public disclosure under this Chapter shall be made in such form as may be specified.

(2) The disclosures to be made by any person under this Chapter shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

***NOTE:** It is intended that disclosure of trades would need to be of not only those executed by the person concerned but also by the immediate relatives and of other persons for whom the person concerned takes trading decisions. These regulations are primarily aimed at preventing abuse by trading when in possession of unpublished price sensitive information and therefore, what matters is whether the person who takes trading decisions is in possession of such information rather than whether the person who has title to the trades is in such possession.*

(3) The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Chapter:

Provided that trading in derivatives of securities is permitted by any law for the time being in force.

(4) The disclosures made under this Chapter shall be maintained by the company, for a minimum period of five years, in such form as may be specified.

Disclosures by certain persons.

7. (1) *Initial Disclosures.*

- (a). Every promoter, key managerial personnel and director of every company whose securities are listed on any recognised stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect;

- (b). Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

(2) *Continual Disclosures.*

- (a). Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified;
- (b). Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Explanation. — It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) of sub-regulation (2).

Disclosures by other connected persons.

- (3) Any company whose securities are listed on a stock exchange may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in such form and at such frequency as may be determined by the company in order to monitor compliance with these regulations.

NOTE: *This is an enabling provision for listed companies to seek information from those to whom it has to provide unpublished price sensitive information. This provision confers discretion on any company to seek such information. For example, a listed company may ask that a management consultant who would advise it on corporate strategy and would need to review unpublished price sensitive information, should make disclosures of his trades to the company.*

CHAPTER – IV

CODES OF FAIR DISCLOSURE AND CONDUCT

Code of Fair Disclosure.

8. (1) The board of directors of every company, whose securities are listed on a stock exchange, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to these regulations, without diluting the provisions of these regulations in any manner.

***NOTE:** This provision intends to require every company whose securities are listed on stock exchanges to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for its securities. Principles such as, equality of access to information, publication of policies such as those on dividend, inorganic growth pursuits, calls and meetings with analysts, publication of transcripts of such calls and meetings, and the like are set out in the schedule.*

(2) Every such code of practices and procedures for fair disclosure of unpublished price sensitive information and every amendment thereto shall be promptly intimated to the stock exchanges where the securities are listed.

***NOTE:** This provision is aimed at requiring transparent disclosure of the policy formulated in sub-regulation (1).*

Code of Conduct.

9. (1) The board of directors of every listed company and market intermediary shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to these regulations, without diluting the provisions of these regulations in any manner.

***NOTE:** It is intended that every company whose securities are listed on stock exchanges and every market intermediary registered with SEBI is mandatorily required to formulate a code of conduct governing trading by its employees. The standards set out in the schedule are required to be addressed by such code of conduct.*

(2) Every other person who is required to handle unpublished price sensitive information in the course of business operations shall formulate a code of conduct to regulate, monitor and report trading by employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to these regulations, without diluting the provisions of these regulations in any manner.

***NOTE:** This provision is intended to mandate persons other than listed companies and market intermediaries that are required to handle unpublished price sensitive information to formulate a code of conduct governing trading in securities by their employees. These entities include professional firms such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising listed companies, market intermediaries and other capital market participants. Even entities that normally operate outside the capital market may handle unpublished price sensitive information. This provision would mandate all of them to formulate a code of conduct.*

(3) Every listed company, market intermediary and other persons formulating a code of conduct shall identify and designate a compliance officer to administer the code of conduct and other requirements under these regulations.

***NOTE:** This provision is intended to designate a senior officer as the compliance officer with the responsibility to administer the code of conduct and monitor compliance with these regulations.*

CHAPTER – V

MISCELLANEOUS

Sanction for violations.

10. Any contravention of these regulations shall be dealt with by the Board in accordance with the Act.

Power to remove difficulties.

11. In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Board shall have the power to issue directions through guidance notes or circulars:

Provided that where any direction is issued by the Board in a specific case relating to interpretation or application of any provision of these regulations, it shall be done only after affording a reasonable opportunity of being heard to the concerned persons and after recording reasons for the direction.

Repeal and Savings.

12. (1) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 are hereby repealed.

(2) Notwithstanding such repeal,—

(a) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed; and

(b) anything done or any action taken or purported to have been done or taken including any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(3) After the repeal of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.

SCHEDULE A

[See sub-regulation (1) of regulation 8]

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

1. Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
3. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
7. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
8. Handling of all unpublished price sensitive information on a need-to-know basis.

SCHEDULE B

[See sub-regulation (1) and sub-regulation (2) of regulation 9]

Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders

1. The compliance officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors.

2. All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations. The code of conduct shall contain norms for appropriate Chinese Walls procedures, and processes for permitting any designated person to "cross the wall".

3. Employees and connected persons designated on the basis of their functional role ("**designated persons**") in the organisation shall be governed by an internal code of conduct governing dealing in securities. The board of directors shall in consultation with the compliance officer specify the designated persons to be covered by such code on the basis of their role and function in the organisation. Due regard shall be had to the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation.

4. Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

5. The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available. The trading window shall also be applicable to any person having contractual or fiduciary relation with the company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the company.

6. When the trading window is open, trading by designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate. No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.

7. The compliance officer shall confidentially maintain a list of such securities as a “restricted list” which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.

8. Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

9. The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

10. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra

trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

11. The code of conduct shall stipulate such formats as the board of directors deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, recording of reasons for such decisions and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.

12. Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension etc., that may be imposed, by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, for the contravention of the code of conduct.

13. The code of conduct shall specify that in case it is observed by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, that there has been a violation of these regulations, they shall inform the Board promptly.

U. K. SINHA
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA